



**ASSOCIATION OF
GOVERNMENTS**

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Orange County Transportation Authority: Lou Correa, County of Orange

Riverside County Transportation Commission: Robin Lowe, Hemet

Ventura County Transportation Commission: Keith Millhouse, Moorpark

559 05.09.06

MEETING OF THE

ENERGY AND ENVIRONMENT COMMITTEE

PLEASE NOTE DATE CHANGE

Thursday, September 14, 2006

10:00 a.m. – 11:45 a.m.

SCAG Offices

818 West 7th Street, 12th Floor

Conference Room Riverside A

Los Angeles, CA 90017

213.236.1800

If members of the public wish to review the attachments or have any questions on any of the agenda items, please contact Deby Salcido at 213.236.1993 or salcido@scag.ca.gov

Agendas and Minutes for the Energy and Environment Committee are also available at:

www.scag.ca.gov/committees/eec.htm

SCAG, in accordance with the Americans with Disabilities Act (ADA), will accommodate persons who require a modification of accommodation in order to participate in this meeting. If you require such assistance, please contact SCAG at (213) 236-1868 at least 72 hours in advance of the meeting to enable SCAG to make reasonable arrangements. To request documents related to this document in an alternative format, please contact (213) 236-1868.

Southern California Association of Governments
Energy & Environment Committee
September 2006

Dennis Washburn, Chair Calabasas
Margaret Clark, Vice- Rosemead
Chair

Members	Representing
Bertone, Denis	SGVCOG
Brennan, Brian	VCOG
Campbell, Todd	Burbank
Carrillo, Victor	Imperial County
Carroll, Stan	La Habra Heights
Cook, Debbie	Huntington Beach
Eaton, Paul	Montclair
Edkenrode, Norman	Placentia
Forester, Larry	Signal Hill
Gafin, David	Downey
Hanks, Keith	Azusa
Harrison, Jon	Redlands
King, Dorothy	Gateway Cities
Lilburn, Penny	SANBAG
Marchand, Paul	Cathedral City
Miller, Mike	West Covina
Nelson, Larry	Artesia
Olivas, David J	SGVCOG
Van Arsdale, Lori	Hemet
Young, Toni	Port Hueneme
Zerunyan, Frank	SBCCOG
Zine, Dennis	Los Angeles



ENERGY & ENVIRONMENT COMMITTEE

AGENDA

PAGE #

TIME

“Any item listed on the agenda (action or information) may be acted upon at the discretion of the Committee”.

1.0 CALL TO ORDER & PLEDGE OF ALLEGIANCE

Hon. Dennis
Washburn, Chair

2.0 PUBLIC COMMENT PERIOD

Members of the public desiring to speak on an agenda item or items not on the agenda, but within the purview of the Committee, must fill out and present a speaker's card to the Assistant prior to speaking. A speaker's card must be turned in before the meeting is called to order. Comments will be limited to three minutes. The chair may limit the total time for all comments to twenty (20) minutes.

3.0 REVIEW and PRIORITIZE AGENDA ITEMS

4.0 CONSENT CALENDAR

4.1 Approval Items

4.1.1 Minutes of July 6, 2006
Attachment

01

4.1.2 Propositions 1E and 84

05

Recommended Action: Recommend a support position on Propositions 1E and 84 to the Regional Council.

4.2 Receive and File

4.2.1 State & Federal Legislative Matrix
Attachment

11



SOUTHERN CALIFORNIA
ASSOCIATION of GOVERNMENTS

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ENERGY & ENVIRONMENT COMMITTEE

AGENDA

			PAGE #	TIME
5.0	<u>ACTION ITEMS</u>			
5.1	<u>2007 South Coast Air Quality Management Plan</u> Preliminary Draft Document to be mailed separately	Jonathan Nadler SCAG Staff	24	15 Minutes
	Staff will summarize SCAG's portion of the Draft 2007 Air Quality Management Plan (AQMP).			
	Recommended Action: Approve the release of SCAG's portion of the draft 2007 AQMP for public review and comment.			
5.2	<u>Workshop on Water Efficient Land Use Planning</u> Attachment	Daniel E. Griset SCAG Staff	29	10 Minutes
	The Local Government Commission (LGC) requests SCAG's collaboration in hosting a workshop and participation in two Advisory Committees relating to Ahwahnee Water Principles for Resource Efficient Land Use.			
	Recommended Action: Host a workshop and authorize SCAG's Executive Director to designate liaisons.			

ENERGY & ENVIRONMENT COMMITTEE

AGENDA

			PAGE #	TIME
6.0	<u>INFORMATION ITEMS</u>			
6.1	<u>I-710 (South) EIR/EIS MOU Attachment</u>	Alan Thompson SCAG Staff	30	5 Minutes
	The MOU is between SCAG, Caltrans District 7, LACMTA and Gateway COG for an EIR/EIS for the I-710 corridor from the Ports to SR-60			
6.2	<u>Clean Alternative Energy Act Attachment</u>	Jennifer Sarnecki SCAG Staff	42	10 Minutes
	Staff will present this item for discussion purposes. Proponents for Proposition 87, Californians for Clean Energy, have requested Regional Council's endorsement.			
7.0	<u>WATER POLICY TASK FORCE REPORT</u>	Hon. Dennis Washburn, Chair		
8.0	<u>SOLID WASTE TASK FORCE REPORT</u>	Hon. Toni Young, Chair		
9.0	<u>CHAIR'S REPORT</u>	Hon. Dennis Washburn, Chair		
10.0	<u>STAFF REPORT</u>	Sylvia Patsaouras, SCAG Staff		
11.0	<u>FUTURE AGENDA ITEMS</u>			
	Any Committee members or staff desiring to place items on a future agenda may make such request. Comments should be limited to three (3) minutes.			
12.0	<u>ANNOUNCEMENTS</u>			
13.0	<u>ADJOURNMENT</u>			

The next meeting of the Energy and Environment Committee will be held on October 5, 2006, at the SCAG Office.



Energy and Environment Committee
of the
Southern California Association of Governments
July 6, 2006

Minutes

THE FOLLOWING MINUTES ARE A SUMMARY OF ACTIONS TAKEN BY THE ENERGY AND ENVIRONMENT COMMITTEE. AUDIO CASSETTE TAPE OF THE ACTUAL MEETING IS AVAILABLE FOR LISTENING IN SCAG'S OFFICE.

The Energy and Environment Committee held its meeting at the Southern California Association of Governments, downtown Los Angeles. The meeting was called to order by Dennis Washburn, Chair. There was a quorum.

Members Present

Bertone, Denis	SGVCOG
Carroll, Stan	City of La Habra Heights
Clark, Margaret	City of Rosemead
Cook, Debbie	City of Huntington Beach
Eaton, Paul	City of Montclair
Eckenrode, Norman	City of Placentia
Forester, Larry	City of Signal Hill
Gafin, David	City of Downey
Hanks, Keith	City of Azusa
King, Dorothy	Gateway Cities COG
Miller, Mike	City of West Covina
Nelson, Larry (Vice-Chair)	City of Artesia
Van Arsdale, Lori	City of Hemet
Washburn, Dennis (Chair)	City of Calabasas
Young, Toni	City of Port Hueneme

Members Not Present

Brennan, Brian	VCOG
Campbell, Todd	City of Burbank
Carrillo, Victor	City of Imperial
Harrison, Jon	City of Redlands
Lilburn, Penny	SANBAG
Marchand, Paul	City of Cathedral City
Olivas, David J.	SGVCOG
Zerunyan, Frank	SBCCOB
Zine, Dennis	City of Los Angeles

1.0 CALL TO ORDER & PLEDGE OF ALLEGIENCE

Hon. Dennis Washburn, Chair, called the meeting to order at 10:05 a.m. and led the group in the Pledge of Allegiance.

2.0 ELECTION OF CHAIR/V-CHAIR

Hon. Dennis Washburn, Chair, opened nominations for Chair.

Hon. Debbie Cook nominated Hon. Dennis Washburn, nomination was seconded by Denis Bertone. There being no other nominations, the nominations were closed.

It was MOVED (Denis Bertone) to accept the nomination of Hon. Dennis Washburn, there being no objection, Hon. Dennis Washburn will continue at Committee Chair.

Hon. Dennis Washburn, Chair opened nominations for Vice-Chair.

Hon. Debbie Cook nominated Hon. Margaret Clark, nomination was seconded by Toni Young.

Hon. Dorothy King nominated Hon. Larry Nelson. Hon. Larry Nelson declined the nomination.

It was MOVED (Larry Forester) to accept the nomination of Hon. Margaret Clark, there being no objection, Hon. Margaret Clark will serve as Vice-Chair.

3.0 PUBLIC COMMENT PERIOD

No public comment.

4.0 REVIEW AND PRIORITIZE AGENDA ITEMS

5.0 CONSENT CALENDAR

It was MOVED (Hon. Toni Young), SECONDED (Hon. Larry Forester), and UNANIMOUSLY APPROVED.

5.1 Approval Item

4.1.1 Minutes of May 4, 2006

4.1.2 Minutes of June 1, 2006

5.2 Receive and File

5.2.1 State & Federal Legislative Matrix

6.0 ACTION ITEMS

6.1 Clean Cities Program

JoAnn Armenta, SCAQMD, provided a summary of the Clean Cities Annual Report.

Russell Castanedos, Rio Hondo College, provided information on their involvement with the Clean Cities Program.

Rick Longobart, Street Superintendent with the City of Inglewood, spoke about their relationship with the Clean Cities Program.

The item was MOVED (Hon. Larry Forester), SECONDED (Hon. Toni Young), and UNANIMOUSLY APPROVED.

6.2 Conformity Finding for the Draft 2006 Regional Transportation Improvement Program (RTIP)

Jonathan Nadler, SCAG Staff, provided an overview of the Conformity Finding for the Draft 2006 RTIP.

The item was MOVED (Denis Bertone), SECONDED (Hon. Larry Forester), and UNANIMOUSLY APPROVED.

6.3 Draft 2004 RTP Amendment – Omnitrans sbX Project

Jessica Kirchner, SCAG Staff, provided a report on the request from Omnitrans to have SCAG add a bus rapid transit project, sbX, to the RTP.

The item was MOVED (Hon. Debbie Cook), SECONDED (Hon. Paul Eaton), and UNANIMOUSLY APPROVED.

7.0 INFORMATION ITEMS

None

8.0 WATER POLICY TASK FORCE REPORT

The next Water Policy Task Force meeting is scheduled for September 19th, although due to some conflicting schedules, an alternative date may need to be scheduled.

9.0 SOLID WASTE TASK FORCE REPORT

The next Solid Waste Task Force meeting is scheduled for August 24, 10:00 a.m., at the SCAG Office.

10.0 CHAIR'S REPORT

None

11.0 STAFF REPORT

Sylvia Patsaouras, SCAG Staff, reported that SCAG has received 8 responses to an RFP for an Energy Consultant to assist with the Energy Chapter of the Comprehensive Plan. It is anticipated to have the consultant on board by August. She further reported that the newly formed Open Space Working Group will hold its first meeting to discuss that chapter of the RCP.

12.0 FUTURE AGENDA ITEMS

It was MOVED (Larry Nelson), SECONDED (Denis Bertone), and UNANIMOUSLY APPROVED that the EEC recommend to the Regional Council that consideration of Prop 84 and Prop 1E be agendized for discussion at the September 14th meeting.

13.0 ANNOUNCEMENTS

Hon. Lori Van Arsdale reported that the Center for Water Education is opening in the City of Hemet on October 14, 2006.

The next meeting of the Energy and Environment Committee will take place on September 14, 2006, at the SCAG Office.

13.0 ADJOURNMENT

There being no further business, Dennis Washburn, Chair, adjourned the meeting at 11:27 a.m.

Action Minutes Approved
by:



Sylvia Patsaouras, Staff
Energy and Environment

REPORT

DATE: September 14, 2006
TO: Energy and Environment Committee
FROM: Charlotte Pienkos, Government Affairs Analyst
Telephone: (213) 236-1811 E-Mail: pienkos@scag.ca.gov
SUBJECT: Propositions 1E and 84

EXECUTIVE DIRECTOR'S APPROVAL:



RECOMMENDED ACTION:

Recommend a support position on Propositions 1E and 84 to the Regional Council.

SUMMARY:

Proposition 1E, the Disaster Preparedness and Flood Prevention Bond Act of 2006, and Proposition 84, the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006, will appear on the November 7th ballot. If approved by a majority of voters, both measures would authorize the issuance of a combined total of \$9.5 billion in general obligation bonds for various water projects. Although the cost of the general obligation bonds is significant and General Fund monies otherwise available for transportation and housing must be used to repay them, a support position is recommended in light of SCAG's previous support for Proposition 50 in 2002 and the adopted Legislative Program, which calls for support of water quality and supply measures.

BACKGROUND:

Thirteen propositions have qualified for the November 7, 2006 ballot.¹ Two of them pertain to water issues under the jurisdiction of the Energy and Environment Committee (EEC). Proposition 1E, the Disaster Preparedness and Flood Prevention Bond Act of 2006, was introduced by Assembly Speaker Fabian Nunez (D-Los Angeles) as Assembly Bill 140 and was enacted on May 19th (Chapter 33, Statutes of 2006). Proposition 84, the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006, appears on the ballot as the result of a voter initiative sponsored by a coalition of conservation groups led by The Nature Conservancy and the California Conservation Action Fund. If approved by a majority of voters, both measures would authorize the issuance of a combined total of \$9.5 billion in general obligation bonds for various water projects.

Origins and Allocations

Proposition 1E

The devastating flooding of New Orleans that occurred in September 2005 after the landfall of Hurricane Katrina and the bursting of the levees that keep the Mississippi River and Lake Pontchartrain from overflowing their banks caused California policy makers to reevaluate the safety of the extensive levee system in California's Central Valley. Assembly Speaker Nunez introduced AB 140 as the result of those

REPORT

deliberations. Upon its passage by the Legislature and signing by Governor Schwarzenegger, the Secretary of State certified it for the November 6th ballot as Proposition 1E.

Proposition 1E authorizes the issuance of almost \$4.1 billion in general obligation bonds to finance disaster preparedness and flood prevention projects in the following categories and amounts:

State Central Valley flood control system repairs and improvements; Delta levee repairs and maintenance.	\$3 billion
Flood control subventions for local projects outside the Central Valley.	\$500 million
Stormwater flood management grants for projects outside the Central Valley.	\$300 million
Flood protection corridors and bypasses; floodplain mapping.	\$290 million
TOTAL	\$4.090 billion

With \$3 billion set aside for Central Valley projects, Proposition 1E primarily benefits areas outside the SCAG region. However, proponents of Proposition 1E point out that Southern California has an interest in securing the 700-mile Delta levee system because a large portion of its water passes through the Delta. \$800 million is designated for flood control subventions and stormwater flood management outside the Central Valley.

Proposition 84

Proposition 84 is a voter initiative sponsored by a coalition of conservation groups led by The Nature Conservancy and the California Conservation Action Fund. According to the sponsors, Proposition 84 was launched because California's investment in infrastructure is not keeping pace with our population growth. Current funding for natural resources and environmental protection programs makes up less than 1% of the overall state budget. The goal of Proposition 84 is to provide "access to safe drinking water, better protection from floods, and opportunities to enjoy parks, natural landscapes and our rivers, lakes, beaches, bays and coastline."

Proposition 84 authorizes the issuance of almost \$5.4 billion in general obligation bonds for the following purposes (main categories are shown in **bold**):

Water quality	\$1.525 billion
Integrated regional water management.	\$1 billion
Safe drinking water.	\$380 million
Delta and agriculture water quality.	\$145 million
Protection of rivers, lakes and streams	\$928 million
Regional conservancies.	\$279 million
Other projects: public access, river parkways, urban stream restoration, California Conservation Corps.	\$189 million
Delta and coastal fisheries restoration.	\$180 million
Restoration of the San Joaquin River.	\$100 million
Restoration projects related to the Colorado River.	\$90 million
Stormwater pollution prevention.	\$90 million
Flood Control	\$800 million
State flood control projects: evaluation, system improvements, flood corridor program.	\$315 million
Flood control projects in the Delta.	\$275 million

REPORT

Local flood control subventions outside the Central Valley flood control system.	\$180 million
Floodplain mapping and assistance for local land use planning.	\$90 million
Sustainable communities and climate change reduction	\$580 million
Local and regional parks.	\$400 million
Urban water and energy conservation projects.	\$90 million
Incentives for conservation in local planning.	\$90 million
Protection of beaches, bays, and coastal waters	\$540 million
Protection of various coastal areas and watersheds.	\$360 million
Clean Beaches program.	\$90 million
California Ocean Protection Trust Fund: marine resources, sustainable fisheries, and marine wildlife conservation.	\$90 million
Parks and natural education facilities	\$500 million
State park system: acquisition, development, and restoration.	\$400 million
Nature education research facilities.	\$100 million
Forest and wildlife conservation	\$450 million
Wildlife habitat protection.	\$225 million
Forest conservation.	\$180 million
Protection of ranches, farms, and oak woodlands.	\$45 million
Statewide water planning	\$65 million
Planning for future water needs, water conveyance systems, and flood control projects.	\$65 million
TOTAL	\$5.388 billion

Areas of Overlap

If Proposition 1E and Proposition 84 were both to pass, they would authorize a combined total of \$4.59 billion for their areas of overlap: flood control in the Central Valley and Delta, subvention funding for local flood control projects, and floodplain mapping. While this is a significant amount, it falls far short of Department of Water Resource (DWR) estimates of the cost to repair and upgrade just the Central Valley flood control system—an amount between \$7 and \$12 billion.

Since 1996, voters have authorized about \$400 million in general obligation bonds specifically for flood management, and a bill passed earlier this year, AB 142 (Chapter 34, Statutes of 2006), authorized an additional \$500 million from the General Fund for emergency levee repairs. Even with these commitments of funds, there remains an enormous unmet funding need for flood management, making the overlap of funding in Propositions 1E and Proposition 84 less concerning than if the amount of overlap exceeded needed expenditures.

Previous Water Bond Measures

Since 1996, voters have approved total water bond authorizations of \$11.1 billion, of which \$953 million remains available for issuance. The last bond measures passed on water issues occurred in 2002 with Propositions 40 and 50. Categorically, most of the \$953 million in available bonding authority exists in three areas: water quality, water management, and the CALFED Bay-Delta program.

Support for the Propositions

Proposition 1E

Proposition 1E is supported by the League of California Cities, California Chamber of Commerce, California Taxpayers' Association, California Office of Emergency Services, California Environmental Protection Agency, State Building & Construction Trades Council, and the Orange County Business Council among others.

Proposition 84

Proposition 84 is supported by, among others, 1) water agencies, districts, and associations including the Association of California Water Agencies, Coachella Valley Water District, Inland Empire Utilities Agency, Las Virgenes Municipal Water District, Long Beach Water Department, and Metropolitan Water District of Southern California; 2) coastal and ocean interests including Heal the Bay and The Ocean Conservancy; 3) environmental and conservation groups including Audubon California, Ducks Unlimited, Huntington Beach Wetlands Conservancy, Natural Resources Defense Council, Orange County League of Conservation Voters, Palos Verdes Peninsula Land Conservancy, and Sierra Club California; 4) agricultural organizations, including Western Growers Association; 5) civic organizations including League of Women Voters of California; 6) museums and aquariums including Aquarium of the Pacific, Monterey Bay Aquarium, and Natural History Museum of Los Angeles County; 7) business organizations including Coachella Valley Economic Partnership, Los Angeles Area Chamber of Commerce, and Valley Industry & Commerce Association; 8) counties, councils of government, and organizations including Association of Bay Area Governments, Coachella Valley Association of Governments, League of California Cities, County of Los Angeles, County of Riverside, County of Ventura; and 8) elected officials including Governor Schwarzenegger and Senator Feinstein.

Opposition to the Propositions: The Cost of Bonding

There is little organized opposition to Proposition 1E. Proposition 84, however, is opposed by the Orange County Business Council (OCBC) for its failure to meet California's water infrastructure needs. According to OCBC, the measure does not allocate enough resources for water storage facilities and contains too many non-water related items.

The effect of the bonds on California's fiscal health warrants additional consideration. If Proposition 1E is approved by the voters, it will indebt the State of California to the amount of \$4.1 billion in principal or \$8 billion total over the life of the bond. Similarly, Proposition 84 will cost the state \$5.4 billion in principal or \$10.5 billion over the life of the loan. Both bonds will be repayable from General Funds, thereby making \$616 million unavailable every year for other uses of interest to SCAG, such as transportation infrastructure improvements or RHNA reimbursements. Furthermore, both Proposition 1E and Proposition 84 are general obligation bonds, not usable for operations and maintenance. The Legislative Analyst's Office states that these O & M costs are unknown, "but could be in the tens of millions of dollars per year." Those monies are not currently budgeted and would be payable from the General Fund, even as it absorbs debt repayments.

The effect of the passage of Proposition 1E and Proposition 84 on the state's debt-service ratio is dependent on whether other propositions pass. The Legislative Analyst's Office estimates that if all five general

REPORT

obligation bonds on the ballot pass, the state's debt will rise to 5.9 % of annual revenues in 2010-2011 and decline thereafter.

Position Recommendation

Although SCAG has no stated position on using general obligation bonds to finance the water system improvements envisioned in Propositions 1E and 84, the Regional Council has a history of supporting water bonds, as it did when it passed a resolution in support of Proposition 50 in 2002, which authorized \$3.44 billion in general obligation bonds for a variety of water purposes including desalination, coastal wetland protection, and watershed management.

Moreover, the adopted 2006 Legislative Program calls for SCAG to "support state and federal legislation and other government actions that encourage comprehensive planning and implementation of water quality and supply measures, such as those relating to stormwater, non-point source pollution, and total maximum daily loads...."

Staff recommends a support position for Proposition 1E and Proposition 84 consistent with the Regional Council's previous support for Proposition 50 and the adopted 2006 Legislative Program's direction to support water quality and supply measures.

FISCAL IMPACT:

Adopting the recommended position has no fiscal impact on SCAG.

CP#125914

1

Legislative Constitutional Amendment
Proposition 1A: Transportation Investment Fund

Legislative Bond Act
Proposition 1B: Highway Safety, Traffic Reduction, Air Quality, Port Security Bond Act of 2006

Legislative Bond Act
Proposition 1C: Housing and Emergency Shelter Trust Fund Act of 2006.

Legislative Bond Act
Proposition 1D: Kindergarten-University Public Education Facilities Bond Act of 2006.

Legislative Bond Act
Proposition 1E: Disaster Preparedness and Flood Prevention Bond Act of 2006.

Initiative Statute
Proposition 83: Sexually Violent Predators, Punishment, Residence Restrictions and Monitoring.

Initiative Bond Act
Proposition 84: Water Quality, Safety and Supply, Flood Control, Natural Resource Protection, and Park Improvements.

Initiative Constitutional Amendment
Proposition 85: Waiting Period and Parental Notification before Termination of Minor's Pregnancy.

Initiative Constitutional Amendment and Statute
Proposition 86: Tax on Cigarettes.

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Initiative Constitutional Amendment and Statute

Proposition 87: Alternative Energy, Research, Production, Incentives, and Tax on California Oil.

Initiative Constitutional Amendment and Statute

Proposition 88: Education Funding, and Real Property Parcel Tax.

Initiative Statute

Proposition 89: Political Campaigns, Public Financing, Corporate Tax Increase, Contribution and Expenditure Limits.

Initiative Constitutional Amendment

Proposition 90: Government Acquisition and Regulation of Private Property.

MEMO

DATE: September 7, 2006

TO: Energy and Environment Committee

FROM: Don Rhodes (x840)
Manager, Public and Government Affairs

SUBJECT: State & Federal Legislative Matrix

SUMMARY:

The attached legislative bill matrix provides summaries of state and federal legislation relevant to SCAG activities and items of interest.

These legislative bills are organized by subject matter in the following categories: Air Quality, Energy, Environment, GovBondBills, and Solid Waste.

Bill summaries include known on-record positions for other statewide organizations following these issues such as the California League of Cities, California State Association of Counties, CALCOG, and others. Also included for your information is each bill's position in the legislative process. Any bills included in previous matrices that have failed to move as required by the Constitution and/or the relevant legislative deadlines, i.e., 'dead' bills, have been purged from the matrix.

Please feel free to contact me at (213)-236-1840 if you have any questions or wish to discuss any legislative bill or issue. Members of my staff are also available for your assistance; please contact Jeff Dunn at (213)-236-1880 or Charlotte Pienkos at (213)-236-1811 if you have any further questions.

Doc#125904v1

Private file: AirQuality

3 1101

AUTHOR: Oropeza (D)
TITLE: Air Pollution: Diesel Magnet Sources
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/22/2005
LAST AMEND: 08/07/2006
DISPOSITION: Pending
FILE: 200
LOCATION: Senate Third Reading File
SUMMARY:

Establishes a compliance schedule for a facility that is a diesel magnet source. Requires the Air Resources Board, in consultation with the air districts, to prepare and make available to the public a list of diesel magnet sources. Requires the districts, in cooperation with prescribed state agencies, to implement a collaborative public process to review advances and limitations in methods to estimate emissions, exposure, and risk to the public that results from the release of air contaminants.

STATUS:

08/10/2006

In SENATE. Read second time. To third reading.

AB 1231

AUTHOR: Horton J (D)
TITLE: Air Pollution
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/22/2005
LAST AMEND: 08/07/2006
DISPOSITION: Pending
LOCATION: Senate Second Reading File
SUMMARY:

Relates to air pollution and air quality management district hearing boards pleadings filing and notice requirements, air district reports relating to the number and length of variances or orders of abatement and total emissions allowed to the State Air Resources Board, the board publishing the reports on its Web site, notification of the Legislature by the board of the reports and the location on the Internet, and district board issuance of variances and orders for abatement.

STATUS:

08/14/2006

From SENATE Committee on APPROPRIATIONS: Do pass.

A AB 1430

AUTHOR: Goldberg (D)
TITLE: Air Contaminants
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/22/2005
LAST AMEND: 08/07/2006
DISPOSITION: Pending
FILE: 180
LOCATION: Senate Third Reading File
SUMMARY:

Requires the State Air Resources Board's environmental justice advisory committee to review each updated methodology used by air pollution control districts and air quality management districts to calculate the value of credits issued for emission reductions for stationary, mobile, indirect, and areawide sources, including those issued under market-based incentives programs, when those credits are used interchangeable, with certain requirements.

STATUS:

08/08/2006

In SENATE. Read second time. To third reading.

Subject:

AirQuality

CA AB 2015

AUTHOR: Lieu (D)
TITLE: South Coast Air Quality Management District: Members
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/10/2006
LAST AMEND: 08/07/2006
DISPOSITION: Pending
COMMITTEE: Senate Appropriations Committee
HEARING: 08/17/2006
SUMMARY:

000012

Increases the number of members on the South Coast Air Quality Management District Board to include one new member appointed by the mayor of the City of Los Angeles from members of the city council. Adds the cities of Calabasas and Malibu to and excludes Los Angeles from the list of cities included in the western region of the County of Los Angeles. Requires a specified appointed member to be deemed as appointed by the Mayor of the City of Los Angeles, and a new member be appointed from the western region.

STATUS:

08/07/2006

From SENATE Committee on APPROPRIATIONS with author's amendments.

08/07/2006

In SENATE. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.

08/07/2006

In SENATE Committee on APPROPRIATIONS: To Suspense File.

AB 2647

AUTHOR:

Oropeza (D)

TITLE:

Vehicular Air Pollution: Truck Retrofit Assistance

FISCAL COMMITTEE:

yes

URGENCY CLAUSE:

no

INTRODUCED:

02/24/2006

LAST AMEND:

06/29/2006

DISPOSITION:

Pending

COMMITTEE:

Senate Appropriations Committee

HEARING:

08/17/2006

SUMMARY:

Requires the State Pollution Control Financing Authority to expand the Capital Access Loan Program to help finance the purchase and installation of truck cab and parking space electrification technologies, electric standby truck refrigeration units, and SmartWay Upgrade Kits. Requires the authority to use funds from the Small Business Assistance Fund to establish and contribute matching funds into loss reserve accounts.

STATUS:

08/07/2006

In SENATE Committee on APPROPRIATIONS: To Suspense File.

A AB 2823

AUTHOR:

Ruskin (D)

TITLE:

Air Pollution: District Compliance Programs

FISCAL COMMITTEE:

yes

URGENCY CLAUSE:

no

INTRODUCED:

02/24/2006

LAST AMEND:

08/07/2006

DISPOSITION:

Pending

FILE:

319

LOCATION:

Senate Third Reading File

SUMMARY:

Extends the air monitoring permit compliance program to additional air quality management districts. Requires districts, for any notice of violation of specified nuisance laws and regulations, to post a copy of the notice on the district's website, to provide a copy of the notice to the state board, the city and county where the violation occurred, and other appropriate governmental entities, to place a notice in a newspaper, and to post a laminated copy of the notice on each side of the violating facility.

STATUS:

08/10/2006

In SENATE. Read second time. To third reading.

CA AB 2825

AUTHOR:

Ruskin (D)

TITLE:

Schoolsites: Hazardous Emissions and Substances

FISCAL COMMITTEE:

yes

URGENCY CLAUSE:

no

INTRODUCED:

02/24/2006

LAST AMEND:

08/07/2006

DISPOSITION:

Pending

COMMITTEE:

Senate Appropriations Committee

HEARING:

08/17/2006

SUMMARY:

Requires the identification of both existing and proposed facilities that emit hazardous air emissions or handle extremely hazardous substances or hazardous waste, within a school district's authority. Requires an appropriate planning commission report to contain information included in an environmental impact report or negative declaration. Requires an administering agency to provide information regarding existing and proposed facilities. Defines hazardous air emission and extremely hazardous substance.

STATUS:

08/14/2006

In SENATE Committee on APPROPRIATIONS: To Suspense File.

000013

B 2880	AUTHOR: TITLE: FISCAL COMMITTEE: URGENCY CLAUSE: INTRODUCED: LAST AMEND: DISPOSITION: COMMITTEE: HEARING: SUMMARY:	Lieu (D) Integrated Waste Management Board: Green Buildings yes no 02/24/2006 08/07/2006 Pending Senate Appropriations Committee 08/17/2006
	<p>Requires the Integrated Waste Management Board to make available to the public, in part through the board's internet web site, public resources about green buildings. Requires the board to establish an advisory committee and see the advice of the committee in developing, maintaining, and updating the Internet Web site.</p>	
	STATUS:	
	08/07/2006	In SENATE. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.
	08/07/2006	In SENATE Committee on APPROPRIATIONS: To Suspense File.
SB 250	AUTHOR: TITLE: FISCAL COMMITTEE: URGENCY CLAUSE: INTRODUCED: LAST AMEND: DISPOSITION: LOCATION: SUMMARY:	Campbell (R) Hydrogen Fuel Standards yes no 02/15/2005 06/21/2005 Pending - Carryover Assembly Appropriations Committee
	<p>Adds hydrogen fuels to provisions of existing law for use in internal combustion engines and fuel cells in motor vehicles. Requires the Department Food and Agriculture to initially establish specifications for hydrogen fuels and fuel cells for these purposes, until a standards development organization accredited by the American National Standards Institute (ANSI) adopts standards. Requires the department then adopt the latest standards established by the ANSI standards development organization.</p>	
	STATUS:	
	07/05/2005	From ASSEMBLY Committee on NATURAL RESOURCES: Do pass to Committee on APPROPRIATIONS.
	Position:	CALCOG-Sup
	Subject:	AirQuality, Energy, Transport
CA SB 757	AUTHOR: TITLE: FISCAL COMMITTEE: URGENCY CLAUSE: INTRODUCED: LAST AMEND: DISPOSITION: COMMITTEE: HEARING: SUMMARY:	Kehoe (D) Oil Conservation, Efficiency and Alternative Fuels Act yes no 02/22/2005 02/27/2006 Pending Assembly Appropriations Committee 08/17/2006
	<p>Enacts the Oil Conservation, Efficiency and Alternative Fuels Act. Requires state agencies to take the state's transportation energy goals into account in adopting rules and regulations. Requires a report assessing specified violations of air pollution, water pollution, and hazardous waste regulations by each oil refinery and the disposition of the violations. Requires Cal-EPA to submit an assessment of the transportation energy conservation, efficiency and any alternative fuel policies that are adopted.</p>	
	STATUS:	
	08/09/2006	In ASSEMBLY Committee on APPROPRIATIONS: To Suspense File.
	Subject:	AirQuality
CA SB 764	AUTHOR: TITLE: FISCAL COMMITTEE: URGENCY CLAUSE: INTRODUCED: LAST AMEND: DISPOSITION:	Lowenthal (D) Air Resources: South Coast Air District: Ports yes no 02/22/2005 06/12/2006 Pending

COMMITTEE: Assembly Appropriations Committee

HEARING: 08/17/2006

SUMMARY:

Requires the Port of Los Angeles and the Port of Long Beach to develop a baseline for air quality for their respective ports, in consultation with specified agencies. Requires the air quality baseline to be based on the level of emissions from specified sources. Requires each port to hold public hearings on the baseline data and discuss potential mitigation and control measures to reduce emissions from sources at the port. Authorizes a fine for exceeding emissions.

STATUS:

06/28/2006

In ASSEMBLY Committee on APPROPRIATIONS: To Suspense File.

Subject:

AirQuality, Transport

SB 1252

AUTHOR:

Florez (D)

TITLE:

Air Pollution: Penalties: Particulate Matter

FISCAL COMMITTEE:

yes

URGENCY CLAUSE:

no

INTRODUCED:

02/08/2006

LAST AMEND:

04/25/2006

DISPOSITION:

Pending

COMMITTEE:

Assembly Appropriations Committee

HEARING:

08/17/2006

SUMMARY:

Permits the Air Resources Board or any air pollution control or air quality management district to impose, in addition to any other civil and criminal penalties, a civil penalty per violation for any discharge of specified particulate matter in violation of state or federal ambient air quality standards or rule, regulation, standard, or order adopted by the board or a district, or a permit issued by the board or a district. Provides for an increase in the penalty after a specified date.

STATUS:

08/09/2006

In ASSEMBLY Committee on APPROPRIATIONS: To Suspense File.

SA SB 1829

AUTHOR:

Lowenthal (D)

TITLE:

Marine Terminals: Air Emissions

FISCAL COMMITTEE:

yes

URGENCY CLAUSE:

no

INTRODUCED:

02/24/2006

LAST AMEND:

04/25/2006

DISPOSITION:

Pending

COMMITTEE:

Assembly Appropriations Committee

HEARING:

08/17/2006

SUMMARY:

Requires each marine terminal to operate in a manner that does not cause trucks to idle or queue for than a specified period while waiting to enter the terminal or for more than that same period per transaction from the first point of entry into the terminal until the time the truck has passed through the final exit gate. Provides for a fine for a violation or for trying to circumvent these requirements. Provides that it is not a violation if the wait is due to specified events.

STATUS:

08/09/2006

In ASSEMBLY Committee on APPROPRIATIONS: To Suspense File.

US S 131

SPONSOR:

Inhofe (R)

TITLE:

Air Pollution

INTRODUCED:

01/24/2005

DISPOSITION:

Pending

LOCATION:

Senate Environment and Public Works Committee

SUMMARY:

A bill to amend the Clean Air Act to reduce air pollution through expansion of cap and trade programs, to provide an alternative regulatory classification for units subject to the cap and trade program.

STATUS:

03/09/2005

In SENATE Committee on ENVIRONMENT AND PUBLIC WORKS:

Consideration and mark-up session held.

Private file: Energy

B 2104 **AUTHOR:** Lieber (D)
TITLE: Energy: Alternate Rates for Energy Program
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/17/2006
LAST AMEND: 06/15/2006
DISPOSITION: To Governor
LOCATION: To enrollment
SUMMARY:
Requires the Public Utilities Commission to improve the Alternate Rates for Energy application process for tenants of a mobilehome park, apartment building, or similar residential complex receiving electric or gas service from a master-meter customer by developing processes whereby electrical and gas corporations are able to directly accept applications from tenants Requires the commission to require such corporations to provide each master-meter customer with a list of tenants who receive a discount.
STATUS:
08/14/2006 In ASSEMBLY. ASSEMBLY concurred in SENATE amendments. To enrollment.

AB 2321 **AUTHOR:** Canciamilla (D)
TITLE: Energy: Governor's Green Action Team
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/22/2006
LAST AMEND: 08/07/2006
DISPOSITION: Pending
COMMITTEE: Senate Appropriations Committee
HEARING: 08/17/2006
SUMMARY:
Establishes the Governor's Green Action Team. Specifies a primary mission of overseeing and directing progress towards reducing electricity purchases for state-owned buildings and to achieve comparable reductions in electricity purchases for other entities of state government, for local government, for schools and for commercial buildings.
STATUS:
08/07/2006 In SENATE. Read second time and amended. Re-referred to Committee on GOVERNMENTAL ORGANIZATION.
08/07/2006 Re-referred to SENATE Committee on APPROPRIATIONS.
08/07/2006 In SENATE Committee on APPROPRIATIONS: To Suspense File.

A AB 2390 **AUTHOR:** Assembly Utilities and Commerce Committee
TITLE: Public Utilities Commission: Reporting/Rehearings
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/23/2006
LAST AMEND: 06/27/2006
DISPOSITION: To Governor
LOCATION: To enrollment
SUMMARY:
Requires the Public Utilities Commission to notify the parties of the issuance of an order or decision by mail or, with consent, electronic transmission and to report on energy efficiency and conservation programs. Revises the definition of date of issuance to mean the mailing or electronic transmission date that is stamped on the official version of the order or decision. Specifies that the issuance of a decision or the granting of an application is to be construed to have occurred on issuance.
STATUS:
08/14/2006 In ASSEMBLY. ASSEMBLY concurred in SENATE amendments. To enrollment.

CA SB 1 **AUTHOR:** Murray (D)
TITLE: Electricity: Solar Energy: Net Metering
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 12/06/2004
LAST AMEND: 06/29/2006
DISPOSITION: Pending
LOCATION: Senate Unfinished Business
SUMMARY:
Requires a seller of production homes to offer the option of a solar energy system to all customers

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negotiating the purchase of such home and to disclose certain information. Allows a bypass of this requirement for the installation of a solar energy system in such homes. Requires the Public Utilities Commission on implementing the State Solar Initiative to award monetary incentives for eligible systems, to adopt a performance-based program including energy efficiency improvements. Relates to contractors.

STATUS:

08/08/2006

From SENATE Committee on ENERGY, UTILITIES AND COMMUNICATIONS:
Recommend concurrence in ASSEMBLY amendments.
Environment

Subject:

SB 107

AUTHOR:

Simitian (D)

TITLE:

Renewable Energy

INTRODUCED:

01/20/2005

LAST AMEND:

08/07/2006

DISPOSITION:

Pending

COMMITTEE:

Assembly Utilities and Commerce Committee

HEARING:

08/15/2006 10:00 am

SUMMARY:

Revises and recasts language so the amount of electricity generated per year from eligible renewable energy resources is increased to an amount that equals at least 20% of the total electricity sold to retail customers per year by December 31, 2010. Provides an exemption. Requires the Energy Commission to develop mechanisms for renewable energy credits and to include an assessment of increasing electricity from renewable resources in its energy report. Relates to payments to out of state facilities.

STATUS:

08/07/2006

In ASSEMBLY. Read third time and amended. To third reading.

08/07/2006

Re-referred to ASSEMBLY Committee on UTILITIES AND COMMERCE.

Subject:

Energy

A SB 1505

AUTHOR:

Lowenthal (D)

TITLE:

Fuel: Hydrogen Alternative Fuel

FISCAL COMMITTEE:

yes

URGENCY CLAUSE:

no

INTRODUCED:

02/23/2006

LAST AMEND:

08/07/2006

DISPOSITION:

Pending

COMMITTEE:

Assembly Appropriations Committee

HEARING:

08/16/2006 9:00 am

COMMITTEE:

Assembly Appropriations Committee

HEARING:

08/17/2006

SUMMARY:

Declares the legislature's intent that, when the state hydrogen highway blueprint plan is implemented, it be done so in a clean and environmentally responsible and advantageous manner. Requires the state Air Resources Board to adopt regulations that will ensure that state funding for the production and use of hydrogen fuel contributes to the reduction of greenhouse gas, criteria air pollutant and toxic air contaminant emissions.

STATUS:

08/07/2006

In ASSEMBLY. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.

B 153

AUTHOR: Chesbro (D)
TITLE: Parks and Recreation
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/08/2005
LAST AMEND: 06/19/2006
DISPOSITION: Pending
COMMITTEE: Assembly Appropriations Committee
HEARING: 08/16/2006 9:00 am
COMMITTEE: Assembly Appropriations Committee
HEARING: 08/17/2006
SUMMARY:

Provides for the distribution of bonds funds from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 for local assistance grants for neighborhood, community, and regional parks, and recreational lands and facilities. Creates the Challenged Rural Communities Program. Provides for the distribution of bond funds from the Housing and Emergency Shelter Trust Fund Act of 2006 for park creation, to encourage specified infill development.

STATUS:

08/10/2006

Re-referred to ASSEMBLY Committee on APPROPRIATIONS.

Subject:

AirQuality, Environment, Water

Private file: SolidWaste

AB 1333	AUTHOR:	Frommer (D)
	TITLE:	Grease Waste Haulers
	FISCAL COMMITTEE:	no
	URGENCY CLAUSE:	no
	INTRODUCED:	02/22/2005
	LAST AMEND:	04/27/2006
	DISPOSITION:	To Governor
	LOCATION:	Enrolled
	SUMMARY:	
		Prohibits a grease waste hauler from removing grease from a greasetrap or interceptor unless the hauler removes all grease, grease liquid, water, and solids from the trap or interceptor each time of removal. Subjects a hauler to a civil penalty for a violation. Allows for the enforcement of these provisions only against a grease waste hauling company. Provides distribution of civil penalties. Makes it an offense for a hauler to reinsert or to improperly deposit grease in specified ways. Provides exceptions.
	STATUS:	
	08/11/2006	Enrolled.

AB 1992	AUTHOR:	Canciamilla (D)
	TITLE:	Solid Waste: Dumping
	FISCAL COMMITTEE:	yes
	URGENCY CLAUSE:	no
	INTRODUCED:	02/09/2006
	LAST AMEND:	08/07/2006
	DISPOSITION:	Pending
	LOCATION:	Senate Second Reading File
	SUMMARY:	
		Provides that the placing, depositing, dumping, of solid waste or overflow, sewage, sludge, cesspool or septic tank effluent, or accumulation of human excreta, or garbage on private property, without the owner's consent, is a misdemeanor. Prohibits placing, depositing, or dumping of solid waste upon private property by the owner or person authorized by the owner, from creating a nuisance and revises highway and road dumping. Increases the mandatory fine for the first conviction. Provides a reward.
	STATUS:	
	08/14/2006	From SENATE Committee on APPROPRIATIONS: To second reading without further hearing pursuant to Senate Rule 28.8.

CA AB 2147	AUTHOR:	Harman (R)
	TITLE:	Solid Waste: Plastic Food/Beverage Containers
	FISCAL COMMITTEE:	no
	URGENCY CLAUSE:	no
	INTRODUCED:	02/21/2006
	LAST AMEND:	06/27/2006
	DISPOSITION:	Pending
	FILE:	123
	LOCATION:	Senate Third Reading File
	SUMMARY:	
		Prohibits a person from selling a plastic food or beverage container that is labeled as biodegradable or similarly described unless the container meets a current ASTM standard specification for compostable plastics the term used on the label.
	STATUS:	
	06/27/2006	In SENATE. Read second time and amended. To third reading.

CA AB 2206	AUTHOR:	Montanez (D)
	TITLE:	Recycling: Multifamily Dwellings.
	FISCAL COMMITTEE:	yes
	URGENCY CLAUSE:	no
	INTRODUCED:	02/22/2006
	LAST AMEND:	03/27/2006
	DISPOSITION:	Pending
	COMMITTEE:	Senate Appropriations Committee
	HEARING:	08/17/2006
	SUMMARY:	
		Requires local jurisdictions to report on the progress made in the diversion and recycling of waste material at multifamily dwellings in their annual report to add an additional factor related to diversion

and recycling of solid waste from multifamily dwellings that the Integrated Waste Management Board would be required to consider in determining the appropriateness of imposing penalties on a local jurisdiction. Requires the board to make available model ordinances for solid waste reduction.

STATUS:

08/07/2006

In SENATE Committee on APPROPRIATIONS: To Suspense File.

B 2896

AUTHOR: Karnette (D)
TITLE: Commercial Transportation Development Council
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/24/2006
LAST AMEND: 06/21/2006
DISPOSITION: Pending
COMMITTEE: Senate Appropriations Committee
HEARING: 08/17/2006
SUMMARY:

Creates the Commercial Transportation Development Council to review and collect data and to provide advice concerning the needs of commercial transportation in the state.

STATUS:

08/07/2006

In SENATE Committee on APPROPRIATIONS: To Suspense File.

SB 369

AUTHOR: Simitian (D)
TITLE: Solid Waste: Tire Recycling: Rubberized Asphalt
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/17/2005
LAST AMEND: 08/07/2006
DISPOSITION: Pending
COMMITTEE: Assembly Appropriations Committee
HEARING: 08/17/2006
SUMMARY:

Relates to rubberized asphalt concrete and tire-derived aggregate. tire recycling grants. Revises eligibility factors for those grants. Revises and increases the types of activities eligible for funding for activities that reduce or are designed to reduce or promote the reduction of, landfill disposal of used whole tires. Relates to the report on the effectiveness of the grant program to encourage the use of rubberized asphalt concrete materials.

STATUS:

08/09/2006

In ASSEMBLY Committee on APPROPRIATIONS: To Suspense File.

A SB 928

AUTHOR: Perata (D)
TITLE: Public Resources: Solid Waste
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/22/2005
LAST AMEND: 08/08/2006
DISPOSITION: Pending
FILE: 87
LOCATION: Assembly Third Reading File
SUMMARY:

Relates to solid waste. Deletes a reference to the additional authority of the Integrated Waste Management Board to grant a time extension for a diversion requirement related to diversion from landfill disposal or transformation through source reduction, recycling and composting activities.

STATUS:

08/09/2006

In ASSEMBLY. Read second time. To third reading.

Subject:

SolidWaste

AB 127

AUTHOR: Nunez (D)
TITLE: Education Facilities: Kindergarten-University Bond Act
FISCAL COMMITTEE: no
URGENCY CLAUSE: yes
INTRODUCED: 01/13/2005
ENACTED: 05/20/2006
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 35
SUMMARY:

Enacts the Kindergarten-University Public Education Facilities Bond Act of 2006. Authorizes a specified amount in state general obligation bonds to provide aid to school districts, county superintendents of schools, county boards of education, the California Community Colleges, the University of California, the Hastings College of the Law, and the California State University to construct and modernize education facilities.

STATUS:

05/20/2006

Signed by GOVERNOR.

05/20/2006

Chaptered by Secretary of State. Chapter No. 35

A AB 140

AUTHOR: Nunez (D)
TITLE: Disaster Preparedness and Flood Prevention Bonds
FISCAL COMMITTEE: no
URGENCY CLAUSE: yes
INTRODUCED: 01/13/2005
ENACTED: 05/19/2006
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 33
SUMMARY:

Enacts the Disaster Preparedness and Flood Prevention Bond Act of 2006. Authorizes the issuance of a specified amount of bonds for the purposes of financing disaster preparedness and flood prevention projects.

STATUS:

05/19/2006

Signed by GOVERNOR.

05/19/2006

Chaptered by Secretary of State. Chapter No. 33

CA AB 142

AUTHOR: Nunez (D)
TITLE: Flood Control: Levee Repair and Flood Control
FISCAL COMMITTEE: no
URGENCY CLAUSE: yes
INTRODUCED: 01/13/2005
ENACTED: 05/19/2006
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 34
SUMMARY:

Appropriates a specified amount of funds to the Department of Water Resources for levee evaluation and repair, and related work, and flood control system improvements. Requires that the levee repairs for those critical levee erosion sites identified under a specified Governor's executive order be made with funds appropriated.

STATUS:

05/19/2006

Signed by GOVERNOR.

05/19/2006

Chaptered by Secretary of State. Chapter No. 34

CA AB 1039

AUTHOR: Nunez (D)
TITLE: Government: Environment: Bonds: Transportation
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/22/2005
ENACTED: 05/19/2006
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 31
SUMMARY:

Exempts specified levee, highway and bridge retrofit projects from the California Environmental Quality Act. Provides for a master environmental impact report for a plan adopted by the Department of Transportation for improvements to segments of Highway 99 funded by specified bond funds. Consents the jurisdiction of federal courts to the surface transportation project delivery pilot program. Provides for a consolidated permit or approval for urgent levee repairs funded by specified bond funds.

STATUS:

05/19/2006

Signed by GOVERNOR.

05/19/2006

Chaptered by Secretary of State. Chapter No. 31

3 1467

AUTHOR:

Nunez (D)

TITLE:

Transportation Projects: Facilities: Partnerships

FISCAL COMMITTEE:

yes

URGENCY CLAUSE:

no

INTRODUCED:

02/22/2005

ENACTED:

05/19/2006

DISPOSITION:

Enacted

LOCATION:

Chaptered

CHAPTER:

32

SUMMARY:

Authorizes the Department of Transportation and regional transportation agencies to enter into comprehensive development lease agreements with public and private entities, or consortia of those entities, for certain transportation projects that may charge certain users of those projects tolls and user fees, subject to various terms and requirements. Authorizes regional transportation agencies to apply to develop and operate high-occupancy toll lanes. Limits the number of such projects.

STATUS:

05/19/2006

Signed by GOVERNOR.

05/19/2006

Chaptered by Secretary of State. Chapter No. 32

SB 837

AUTHOR:

Dutton (R)

TITLE:

Alternative Protest Pilot Project

FISCAL COMMITTEE:

yes

URGENCY CLAUSE:

no

INTRODUCED:

02/22/2005

ENACTED:

09/22/2005

DISPOSITION:

Enacted

LOCATION:

Chaptered

CHAPTER:

272

SUMMARY:

Amends the Alternative Protest Pilot Project in connection with state agency acquisition of goods and services, including the acquisition of information technology goods and services. Deletes the repeal date and minimum contract attainment provisions required of the pilot project. Renames the project as the Alternative Protest Process. Requires the department to submit a report and recommendations regarding the process.

STATUS:

09/22/2005

Signed by GOVERNOR.

09/22/2005

Chaptered by Secretary of State. Chapter No. 272

SA SB 1266

AUTHOR:

Perata (D)

TITLE:

Highway Safety, Traffic Reduction, Air Quality

FISCAL COMMITTEE:

no

URGENCY CLAUSE:

yes

INTRODUCED:

02/09/2006

ENACTED:

05/16/2006

DISPOSITION:

Enacted

LOCATION:

Chaptered

CHAPTER:

25

SUMMARY:

Enacts the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Authorizes a specified amount of general obligation bonds for transportation corridor improvements, trade infrastructure and port security projects, schoolbus retrofit, transportation improvements, transit and rail improvements, state-local transportation projects, transit security, local bridge retrofit, highway-railroad grade and crossing projects, highway rehabilitation, local street and road improvements.

STATUS:

05/16/2006

Signed by GOVERNOR.

05/16/2006

Chaptered by Secretary of State. Chapter No. 25

000022

B 1689

AUTHOR: Perata (D)
TITLE: Housing and Emergency Shelter Trust Fund Act
FISCAL COMMITTEE: no
URGENCY CLAUSE: yes
INTRODUCED: 02/24/2006
ENACTED: 05/17/2006
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 27
SUMMARY:

Enacts the Housing and Emergency Shelter Trust Fund Act of 2006. Authorizes the issuance of a specified amount of general obligation funds of which the proceeds will be used to finance various existing housing program, capital outlay related to infill development, brownfield cleanup that promotes infill development, and housing-related parks. Establishes the Transit-Oriented Development Implementation Program to receive funding from the proceeds of the bond act.

STATUS:

05/17/2006 Signed by GOVERNOR.
05/17/2006 Chaptered by Secretary of State. Chapter No. 27

SCA 7

AUTHOR: Torlakson (D)
TITLE: Transportation Investment Fund
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/15/2005
ADOPTED: 05/09/2006
DISPOSITION: Adopted
LOCATION: Chaptered
CHAPTER: 49
SUMMARY:

Proposes an amendment to the Constitution to authorize a suspension, in whole or in part, of a transfer of motor vehicle fuel sales tax funds to the Transportation Investment Fund for a fiscal year under certain circumstances. Prohibits a suspension from occurring more than twice during a period of 10 consecutive fiscal years. Prohibits a suspension in any fiscal year in which a required repayment from a prior suspension has not been fully completed.

STATUS:

05/09/2006 Chaptered by Secretary of State.
05/09/2006 Resolution Chapter No. 49

REPORT

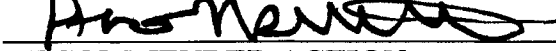
DATE: September 14, 2006

TO: Energy and Environment Committee

FROM: Jonathan Nadler, Program Manager, Air Quality and Conformity

SUBJECT: 2007 South Coast Air Quality Management Plan

EXECUTIVE DIRECTOR'S APPROVAL:



RECOMMENDED ACTION:

Approve the release of SCAG's portion of the Draft 2007 Air Quality Management Plan (AQMP) for public review and comment.

SUMMARY:

SCAG is responsible for the development of a transportation strategy and transportation control measures for the South Coast Air Basin Air Quality Management Plan (AQMP) and the State Implementation Plan (SIP). The Draft 2007 AQMP is scheduled to be released for public review and comment in October 2006.

BACKGROUND:

Pursuant to the federal Clean Air Act, the State Implementation Plan (SIP) demonstrating attainment with the 8-hour ozone standard is due to the U.S. Environmental Protection Agency (EPA) by June 15, 2007. The SIP for the PM_{2.5} standard is due to U.S. EPA by April 5, 2008. The 2007 AQMP being prepared by the three responsible agencies, the South Coast Air Quality Management District (SCAQMD), the California Air Resources Board (CARB), and SCAG, will address both these standards and will be submitted to U.S. EPA to meet the June 15, 2007 deadline. The Draft AQMP is scheduled to be released in the fourth-quarter of 2006.

SCAG's role in the AQMP process includes providing transportation demand model output data to the SCAQMD for use in airshed modeling and vehicle activity data to CARB for use in developing on-road emission factors. SCAG has provided these data to the respective agencies. In addition to this technical data, SCAG is developing the written section of the AQMP which discusses the region's transportation strategy as it relates to air quality. Specifically, the write-up includes an overview of the Regional Transportation Plan (RTP), procedures for identifying and tracking Transportation Control Measures (TCMs) and a list of constrained TCMs, an analysis of Reasonably Available Control Measures (RACM), and an emissions analysis of on-road transportation sources. The four County Transportation Commissions are actively involved in the development of the TCM strategies.

The SIP includes two important components relative to transportation planning and federal conformity requirements – emissions budgets and TCMs. Emissions budgets set an upper limit which transportation activities are permitted to emit; TCMs are strategies to reduce emissions from on-road mobile sources. The emission budgets established as part of the 2007 AQMP process and adopted into the SIP will become the functioning budgets for conformity for the upcoming Regional Transportation Plan (RTP).

FISCAL IMPACT:

Work related to this item is included in the Overall Work Program under 07-025 Air Quality/Conformity.

Update on 2007 AQMP

Energy & Environment Committee
September 14, 2006

SCAG Portion of 2007 AQMP

- Data Provided to Date to SCAQMD
 - Updated 2004 RTP socioeconomic data
 - Interim transportation model output
- Transportation Control Measures (TCMs) Based on 2006 RTIP
- Reasonably Available Control Measure (RACM) Analysis
- New Information
 - Compass Blueprint discussion
 - Goods movement discussion

TCMs Defined

- U.S. EPA's Transportation Conformity Rule - 40 CFR Parts 51 and 93
- Federal Clean Air Act Section 108(f)(1)(A) Lists Sixteen Measures As Illustrative Of TCMs
- Measures Which Reduce Vehicle Use Or Change Traffic Flow Or Congestion Conditions
 - Does not include vehicle technology-based, fuel-based, and maintenance-based measures which control emissions from vehicles under fixed traffic conditions
- May Be Voluntary, Incentive, Or Regulatory Programs, As Well As Market- Or Pricing-based Programs

Examples of TCM Categories

- Programs For Improved Use Of Public Transit;
- Restriction of Certain Roads or Lanes to, or Construction of Such Roads or Lanes For Use By, Passenger Buses or High Occupancy Vehicles
- Employer-based Transportation Management Plans, Including Incentives
- Programs to Limit or Restrict Vehicle Use In Downtown Areas or Other Areas of Emission Concentration, Particularly During Periods of Peak Use
- Programs For New Construction and Major Reconstruction of Paths, Tracks or Areas Solely For the Use By Pedestrian or Other Non-motorized Means of Transportation

Source: Federal Clean Air Act Section 108(f)(1)(A)

SCAG TCMs for 2007 AQMP

- Derived From TCM Projects Listed In The First Two Years Of The 2006 RTIP
- Approximately 300 TCMs

RACM

- Required by CAA Section 172(c)(1)
- Review TCMs in Other Areas
- Contrast with TCMs in Air Plan
- Provide Reasoned Justification if Not Implementing
- Comprehensive RACM Analysis for 2003 AQMP Basis for 2007 AQMP
- Analysis Indicates No Additional TCMs Required

Schedule

- SED Data to AQMD in March 2006
- Interim Model Activity Data to AQMD/CARB in April – June 2006
- Draft AQMP Released October/November 2006

REPORT

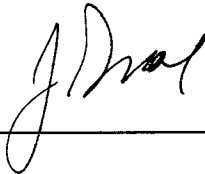
DATE: September 14, 2006

TO: Energy and Environment Committee

FROM: Daniel E. Griset, Program Manager, (213) 236-1895, griset@scag.ca.gov

SUBJECT: Workshop on Water Efficient Land Use Planning

EXECUTIVE DIRECTOR'S APPROVAL:



RECOMMENDATIONS:

Authorize staff to collaborate with the Local Government Commission (LGC) in hosting a workshop at SCAG offices on Water Efficient Land Use Planning and to coordinate with the Advisory Committees to be created by the Commission.

BACKGROUND:

The Local Government Commission (LGC) is a nonprofit, nonpartisan, membership organization that provides technical assistance and networking to local elected officials and other community leaders who are working to create healthy, walkable, and resource-efficient communities.

The LGC is in the process of establishing two Southern California advisory committees as one element in a project funded by a Proposition 50 grant and intended to support widespread local implementation of the Ahwahnee Water Principles for Resources Efficient Land Use. In 2005, SCAG's Regional Council adopted a resolution in support of these Principles. In brief, these Principles encourage cities and counties to take stewardship actions to improve the reliability and quality of water resources and reduce their potential financial liability for water contamination, stormwater runoff and flooding.

One advisory committee would focus on communities within the jurisdiction of the Los Angeles Regional Water Quality Control Board (Region 4) and the other on communities within the jurisdiction of the Santa Ana Regional Water Quality Control Board (Region 8) and the San Diego Regional Water Quality Control Board (Region 9). Each committee would have between 6 and 12 members. The members will be elected officials who have an interest in water efficient land use advances in their communities, along with other representatives from key water, wastewater and flood control agencies and regional planning organizations.

FISCAL IMPACT: All work related to the recommended staff action is contained within the adopted FY 06/07 budget under 07-020 (Environmental Planning). Funding and implementation of this Program will be the fiscal responsibility of the Local Government Commission and perhaps other entities.

DOCS #125895



SOUTHERN CALIFORNIA
ASSOCIATION OF GOVERNMENTS

000025

MEMO

DATE: August 18, 2006

TO: Energy and Environment Committee, Transportation and Communications Committee

FROM: Alan Thompson, Senior Regional Planner, 213.236.1940 thompson@scag.ca.gov

SUBJECT: I-710 (south) EIR/EIS MOU

SUMMARY:

SCAG is preparing to enter into an MOU between SCAG, the California Department of Transportation (Caltrans), the Gateway Cities Council of Governments (GCCOG) and the Los Angeles County Metropolitan Transportation Authority (LACMTA) for the purposes of a Statement of Intent, defining the roles and responsibilities of the parties with regard to the project. The request for authorization to enter into the MOU is going before the Administration Committee and the Regional Council at the September 14 meeting, and is being provided to the Energy and Environment Committee and Transportation and Communications Committee for informational purposes.

This is not the Cooperative Agreement which the parties will enter into later in order to address funding mechanisms, terms, reporting and audit requirements, and any and all other terms and conditions.

The MOU specifies the parties:

- 1) Establish a joint project team to undertake the following tasks:
 - i) Secure completion of Project Identification Number.
 - ii) Develop a funding and financing plan for the EIR/EIS to include \$30 million in funding commitments from multiple partners, including SCAG, for the project report and environmental document for the project. It is the intent of the parties to assist in providing and/or securing additional funding as required and subject to availability and appropriation of funds. SCAG's portion of the funding commitments is \$3 million, of which \$1 million is in cash and \$2 million is in in-kind contribution.
 - iii) Identify near-term improvement strategies for the corridor's air quality.
 - iv) Prepare a Preliminary Report (PR) and combined EIR/EIS for the locally preferred strategy.
 - v) Prepare a PR including all necessary environmental documentation and related technical studies.
- 2) The LACMTA will act as Project Manager.
- 3) Governance structure will consist of an executive committee, a Goods Movement Strategy Advisory Group, an EIR/EIS Project Committee, a Technical Advisory Committee and Community Advisory Committee(s).
- 4-7) Defines the roles of each committee described above.
- 8) Defines the membership of each committee described above.
- 9) Acknowledges the liability limitations of each party as public entities under Government Code Section 895.4.

BACKGROUND:

The I-710 Major Corridor Study was initiated in January 2001, under SCAG Regionally Significant Transportation Investment Studies (RSTIS) guidelines, to analyze the traffic congestion, safety, and

MEMO

mobility problems along the I-710 travel corridor and to develop transportation solutions to address these problems as well as some of the quality of life concerns experienced in the I-710 Corridor.

In April of 2003, five alternatives had been evaluated in detail and information on their benefits, costs, and impacts were made available to the public.

In response to community concerns regarding the alternatives, a "Draft Hybrid Design Concept" was developed. The purpose of the draft hybrid design concept was to improve the I-710 focusing on safety improvements; addressing heavy duty truck demand as well as general purpose traffic; improving reliability of travel times; and separating autos and trucks to the greatest extent possible while limiting right-of-way impacts.

In general terms, the draft hybrid design concept is comprised of 10 general-purpose traffic lanes, 4 exclusive truck lanes, and interchange improvements from Ocean Boulevard in Long Beach to the intermodal railroad yards in Commerce/Vernon.

Three overarching principles defined the priorities of the Community Advisory Committees and reflected the consensus that emerged during their deliberations:

- 1) This is a corridor – considerations go beyond the freeway and infrastructure.
- 2) Health is the overriding consideration.
- 3) Every action should be viewed as an opportunity for repair and improvement of the current situation.

The Oversight Policy Committee adopted the draft hybrid concept as the locally preferred strategy for the I-710 Major Corridor Study in 2004. It is described as follows:

- Hybrid Design Concept, which consists of ten (10) mixed flow lanes, specified interchange improvements, and four (4) truck lanes between the intermodal rail-yards in Vernon/Commerce and Ocean Boulevard in Long Beach (see Figure S-1).
- Alternative B – Transportation System Management/Transportation Demand Management Improvements.
- Improvement to arterial highways within the I-710 Corridor.
- Construction of truck inspection facilities to be integrated with the selected overall design concept.

MEMORANDUM OF UNDERSTANDING AMONG
DISTRICT 7 OF THE CALIFORNIA DEPARTMENT OF TRANSPORTATION,
THE SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS,
THE GATEWAY CITIES COUNCIL OF GOVERNMENTS,
AND
THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION
AUTHORITY
REGARDING AN ENVIRONMENTAL IMPACT REPORT
(EIR)/ENVIRONMENTAL IMPACT STATEMENT (EIS) FOR THE INTERSTATE
710 (I-710) CORRIDOR

RECITALS:

This agreement is made by and between District 7 of the California Department of Transportation ("STATE"), the Southern California Association of Governments ("SCAG") the Gateway Cities Council of Governments (GCCOG), and the Los Angeles County Metropolitan Transportation Authority ("METRO") collectively referred to as the "Parties".

- A. WHEREAS, STATE is responsible for approving, funding, and helping to implement those transportation programs in that portion of Southern California which includes all of Los Angeles County to further statewide transportation policy; and
- B. WHEREAS, SCAG is a joint powers agency established pursuant to California Government Code section 6502 *et seq.*; and
- C. WHEREAS, SCAG, as the designated Metropolitan Planning Organization ("MPO") and the designated Transportation Planning Agency ("TPA") for the counties of Los Angeles, Orange, Ventura, Riverside, San Bernardino, and Imperial, is responsible under both federal and state law for engaging in a continuing, cooperative, and comprehensive transportation planning process resulting in a Regional Transportation Plan ("RTP") and a Regional Transportation Improvement Program ("RTIP"); and
- D. WHEREAS, the GCCOG is a joint powers agency established pursuant to California Government Code section 6502 *et seq.* and is a sub-regional

organization affiliated with and funded in part by SCAG which assists SCAG in its transportation planning processes; and

- E. WHEREAS, METRO is the transportation planning and programming agency for Los Angeles County and is responsible for Los Angeles County's Long Range Transportation Plan ("LRTP") and the Los Angeles County Transportation Improvement Program ("TIP"); and
- F. WHEREAS, the Parties previously entered into a Memorandum of Understanding ("Corridor Study MOU") dated May 26, 2000, as amended by the Amendment to the Memorandum of Understanding dated December 14, 2000, and by the Second Amendment to the Memorandum of Understanding dated March 5, 2003, defining the roles and responsibilities of the parties to the MOU relative to the development and completion of the I-710 Major Corridor Study; and
- G. WHEREAS the Parties are members of the I-710 Major Corridor Study Oversight Policy Committee ("OPC") pursuant to the Corridor Study MOU, which received and adopted the I-710 Major Corridor Study on November 18, 2004; and
- H. WHEREAS, on November 18, 2004, the I-710 OPC took the following actions:
 - 1) Voted unanimously to adopt the Locally Preferred Strategy described and illustrated in the report attached hereto as "Attachment 1," and incorporated herein by this reference, for purposes of environmental analysis, to incorporate the results of the sub-area "Mini-Study" upon its completion, and to seek funding to initiate an Environmental Impact Report /Environmental Impact Statement ("EIR/EIS");
 - 2) Voted unanimously to request the GCCOG to return with suggested steps for initiating the development and implementation of a corridor level Air Quality Action Plan to include not only technical, but also funding, institutional structure and legislative strategies, as well as an approach to holding public agencies with jurisdiction in the I-710 ("Corridor") accountable for progress in meeting air quality and public health objectives in the Corridor and Region;
 - 3) Voted unanimously to forward the Tier 2 report in its entirety to be accepted as pre-scoping guidance to the preparation of the EIR/EIS;
 - 4) Voted unanimously to request the GCCOG to identify and pursue appropriate avenues to implement those Tier 2 recommendations that prove to exceed the scope of any I-710 transportation improvement project and report back to the community; and

- 5) Voted unanimously to request METRO and GCCOG staff to suggest a process and structure for continuing community participation throughout the environmental analysis; and
- I. WHEREAS, on January 27, 2005, the METRO Board of Directors took the following actions:
- 1) Adopted the Draft Final Report on the I-710 Major Corridor Study between the Ports of Los Angeles/Long Beach and State Route ("SR")-60 Pomona Freeway;
 - 2) Authorized the METRO Chief Executive Officer (CEO) to proceed with the preparation of a Scope of Work and funding plan that will include funding commitments from multi-partners for the Environmental Phase of the I-710 Major Corridor Study's Locally Preferred Strategy and use input from the I-710 Community Advisory Committee in the Environmental scoping process. The Scope of Work should also include impacts to the I-710/SR-60 Interchange and evaluation of alternative project delivery methods;
 - 3) Received the Tier 2 Community Advisory Committee report to be accepted and utilized as pre-scoping guidance for the EIR/EIS; and
 - 4) Directed the METRO CEO, with the assistance of state and federal advocates, to work with the appropriate governmental and non-governmental agencies to form a multi-jurisdictional entity ("Project Entity") to coordinate the appropriate aspects of the PROJECT, including identification of a funding plan with funding sources from multiple partners; and upon formation, the Multi-Jurisdictional partnership be tasked with identifying strategies for achieving near-term improvements to the Corridor's air quality and that the strategies be identified prior to initiation of the EIR/EIS request for proposals.
- J. WHEREAS, the Parties desire to prepare a Project Report and Environmental Document for the Corridor (the "PROJECT") and intend to work cooperatively to conduct and complete an appropriate Project Initiation Document ("PID") and initiate a Project Report ("PR") and a combined EIR/EIS; and
- K. WHEREAS, the Parties intend to work together and with other appropriate governmental and non-governmental agencies to create a cooperative framework to coordinate the appropriate aspects of the PROJECT; and
- L. WHEREAS, the purpose of this MOU is to serve as a Statement of Intent defining the roles and responsibilities of the Parties with regard to the Project, and not as a Cooperative Agreement which the Parties to this MOU will be entering to address

all funding mechanisms, terms, reporting and audit requirements, and any and all other general terms and conditions,

AGREEMENT:

NOW, THEREFORE, the parties hereby agree as follows:

1. The Parties will establish a joint project development team ("Team") that will consist of appropriate staff and consultants to undertake the following tasks contingent on the availability of sufficient funds:
 - a) Secure completion of the appropriate PID for the purposes of ensuring project standing for programming purposes. The PID will be the Project Study Report ("PSR"), which identifies the Locally Preferred Strategy adopted by the OPC as the preferred alternative;
 - b) Develop a funding and financing plan for the I-710 EIR/EIS. The funding plan will include \$30 million in funding commitments from multiple partners: the Ports of Long Beach and Los Angeles, the I-5 Joint Powers Authority, STATE, GCCOG, SCAG and METRO, for the Project Report and Environmental Document for the PROJECT pursuant to the Major Corridor Study's Locally Preferred Strategy. It is the intent of the Parties to assist in providing and/or securing additional funding as required and subject to availability and appropriation of funds;
 - c) In conjunction with the I-710 Project Governance Structure as set forth in Attachment 2, attached hereto and incorporated herein by this reference, identify strategies for achieving near-term improvements to the Corridor's air quality;
 - d) Prepare a PR and combined EIR/EIS document for the Locally Preferred Strategy, including the results of the I-5/I-710 Mini-Study. GCCOG, SCAG, and METRO acknowledge that the Federal Highway Administration ("FHWA") is charged with being the lead agency with respect to the federal National Environmental Protection Act ("NEPA"), unless that responsibility is transferred by FHWA to STATE, pursuant to applicable law, and that STATE is the lead agency for California Environmental Quality Act ("CEQA") purposes. METRO will be a Responsible Agency and will assist in the preparation of the Environmental Document ("ED") and will consider the ED prior to and in accordance with the requirements of CEQA and NEPA. The draft and final ED will require STATE's review and approval prior to public circulation; and

- e) Using Team resources and private consultants, prepare a PR, including all necessary environmental documentation and related technical studies and preliminary plans, and submit each to STATE for STATE review at appropriate stages of development. The PR and preliminary plans shall be signed by a Civil Engineer registered in the State of California.
2. Provided funding is made available under a Cooperative Agreement, METRO will act as Project Manager for the PROJECT. As Project Manager, METRO will manage and administer the PR/EIR/EIS and community outreach/public participation contracts. This will include Project Administration, Procurement of Consulting Services, Progress Reporting, Project Meetings, and Coordination and Communication with all involved agencies and affected parties. METRO will also develop an internal review process that will include all members of the Team as well as maintain a Project File. The Project file shall be maintained so as to be available as the Administrative Record of the approval of the EIR or EIS in the event that the EIR or EIS is challenged in federal or state court.
3. The Parties agree that the I-710 Project Governance Structure shall consist of the I-710 Executive Committee, the Goods Movement Strategy Advisory Group, the I-710 EIR/EIS Project Committee, the Technical Advisory Committee (TAC), and Community Advisory Committee(s), as set forth in Attachment 2.
4. The Parties agree that the I-710 Executive Committee will coordinate the appropriate aspects of the PROJECT, including policy assistance, guidance, and identification of a funding plan with funding sources from multiple partners; and upon formation will be tasked with identifying strategies for achieving near-term improvements to the Corridor's air quality. The Executive Committee will be administered jointly by the GCCOG and METRO. This will include preparation of agendas, scheduling meetings, and other support activities.
5. To assist the I-710 Executive Committee and the I-710 EIR/EIS Project Committee with complex multi-jurisdictional issues, a Goods Movement Strategy Advisory Group will be formed. This ad hoc resource group will be available for guidance and support on legislative, regulatory, funding and other specialized issues. Membership may include, but is not limited to, state and federal legislators, air quality experts, rail, trucking, and shipping business interests, Chairpersons or representatives from the SCAG Goods Movement Task Force, etc. The I-710 Executive Committee will determine the group's composition depending upon the issue(s) currently being addressed.
6. The Parties agree that the I-710 EIR/EIS Project Committee as described and illustrated in Attachment 2, will work in coordination with the TAC to provide policy assistance, guidance and direction to the Team for the I-710 EIR/EIS. The I-710 EIR/EIS Project Committee shall establish one or more Community Advisory Committee(s) to provide input to the environmental phase of the I-710

EIR/EIS. The GCCOG will be responsible for providing administrative support to the I-710 EIR/EIS Project Committee and to the TAC. Meeting schedules and agendas will be developed collaboratively by the Team.

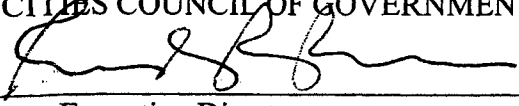
7. In addition to the above, the TAC shall consider the technical aspects of the PROJECT, advise the Team on technical concerns, and provide recommendations to the I-710 EIR/EIS Project Committee as directed by the Team or the I-710 Executive Committee at key milestones of the PROJECT.
8. The following is a list of Committee Membership:
 - a) The I-710 Executive Committee shall be comprised of locally elected or appointed officials as follows: one member of METRO's Board of Directors; one member of GCCOG; one representative of STATE, one representative of SCAG, one member of the County of Los Angeles Board of Supervisors, the I-710 EIR/EIS Project Advisory Committee Co-Chairs; one member of the Board of Harbor Commissioners of the Port of Long Beach; and one member of the Board of Harbor Commissioners of the Port of Los Angeles.
 - b) The I-710 EIR/EIS Project Committee shall be comprised as follows, provided that non-parties to this MOU have executed an implementation agreement with the GCCOG: one member of the city council of each of the cities of Bell, Bell Gardens, Carson, Commerce, Compton, Cudahy, Downey, Huntington Park, Long Beach, Lynwood, Maywood, Paramount, South Gate and Vernon; one member of the Board of Harbor Commissioners of the Port of Long Beach; one member of the Board of Harbor Commissioners of the Port of Los Angeles; one member of Los Angeles County Board of Supervisors; one member of METRO; one representative of STATE; one representative of SCAG; one representative from the I-5 Consortium Cities Joint Powers Authority; and the President of the San Gabriel Valley Council of Governments. The Project Committee shall elect two co-chairs to serve on the Executive Committee, one from the Northern area and one from the Southern area of the region represented by the members of the Project Committee.
 - 1) The I-710 EIR/EIS Project Committee shall have the authority to name, as ex-officio members, additional governmental agencies, upon a finding by a two-thirds vote of the members of the Committee that the resources and/or expertise of such an agency constitutes an important resource for resolving matters currently under consideration by the Committee.
 - c) The TAC shall be comprised of the following: One staff member each from the Federal Transit Administration ("FTA"), FHWA, California

Highway Patrol ("CHP"), and South Coast Air Quality Management District ("SCAQMD"), and one staff member from each agency represented in the Project Committee, as set forth in paragraph b above. The members of the TAC shall be selected by the following: The City Manager of each city represented in the Project Committee; the Director, CEO or Executive Director, as applicable, of the following agencies: the Los Angeles County Department of Public Works, STATE, METRO, Port of Los Angeles, Port of Long Beach, SCAG, and SCAQMD; and the respective Regional Administrators of FTA and FHWA. Each person selected to be a member of the TAC shall have the relevant expertise in the technical aspects of the Project. The TAC may, by two-thirds vote, add as additional members representatives from other federal, state, or regional governmental agencies if it determines that the resources or expertise of that agency would be beneficial to the PROJECT.

9. Each of the parties to this Agreement is a public entity. Pursuant to Government Code Section 895.4, each party shall indemnify, defend and hold each of the other parties, and their respective officers, agents and employees harmless from and against any liability and expenses, including defense costs, any costs or liability on account of bodily injury, death or personal injury of any person or for damage to or loss of risk of property, any legal fees and any claims for damages of any nature whatsoever arising out of or in connection with any work performed by and or service provided by the indemnifying party or its officers, agents employees, contractors and subcontractors under this Agreement:

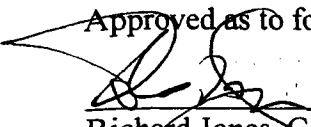
IN WITNESS WHEREOF, the parties have caused this MOU to be duly executed and delivered as of the last date set forth below by the undersigned parties

GATEWAY CITIES COUNCIL OF GOVERNMENTS


Richard Powers, Executive Director

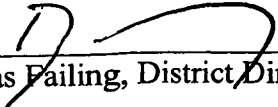
7/17/06
Date

Approved as to form:


Richard Jones, General Counsel for Gateway Cities COG

7/17/06
Date

DISTRICT 7 OF THE CALIFORNIA DEPARTMENT OF TRANSPORTATION


Douglas Failing, District Director

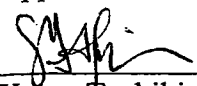
8/1/06
Date

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS

Mark A. Pisano, Executive Director

Date

Approved as to form:

 for
Karen Tachiki, Chief Legal Counsel at SCAG

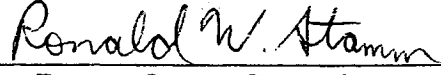
8/3/06
Date

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Roger Snoble, Chief Executive Officer

Date

Approved as to form:
Raymond G. Fortner, Jr.
County Counsel

By: 
Deputy County Counsel

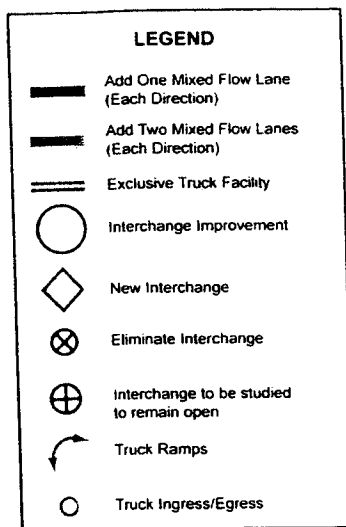
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ATTACHMENT 1

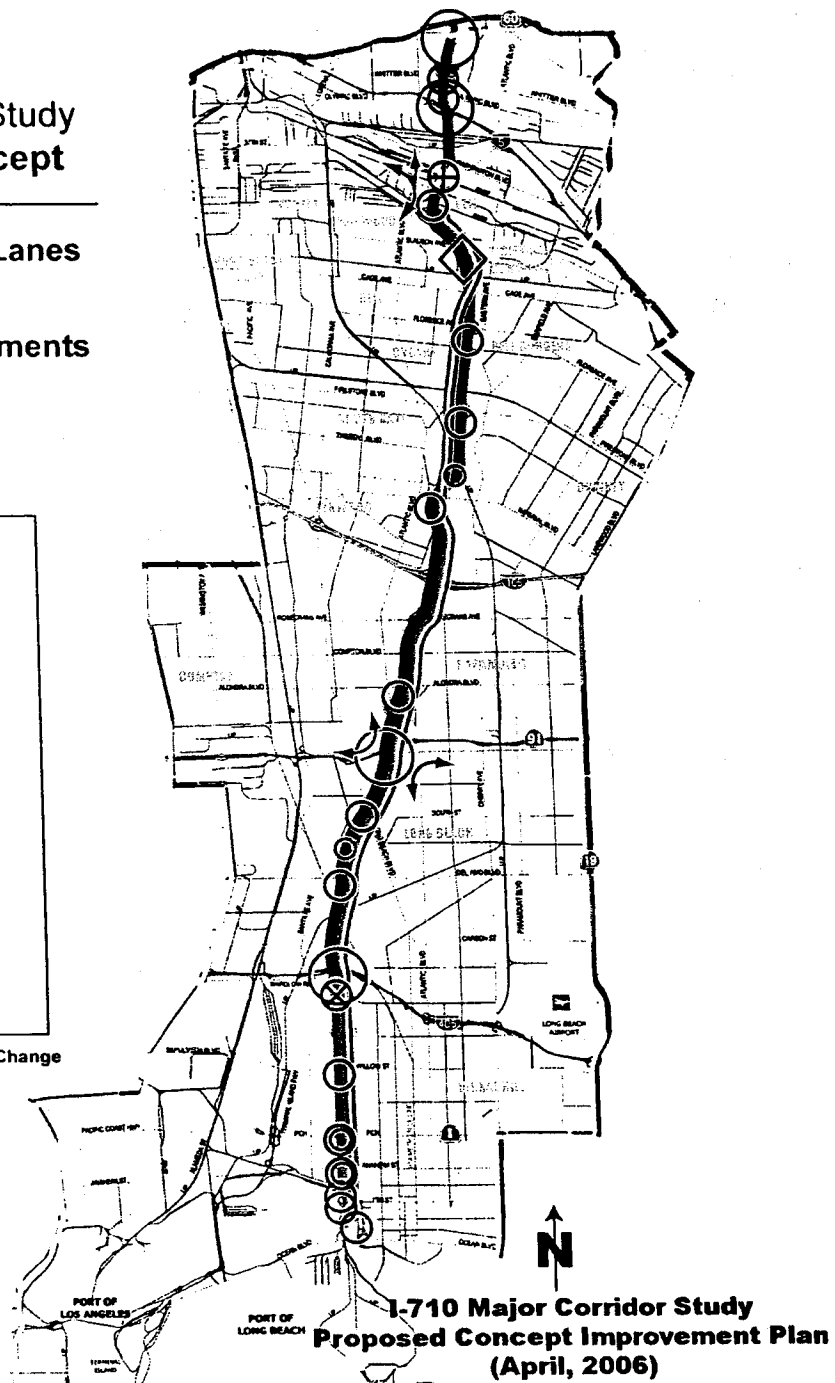
LOCALLY PREFERRED STRATEGY

I-710 Major Corridor Study
Hybrid Design Concept

- 10 General Purpose Lanes
- 4-Lane Truckway
- Interchange Improvements
- Direct Truck Ramps



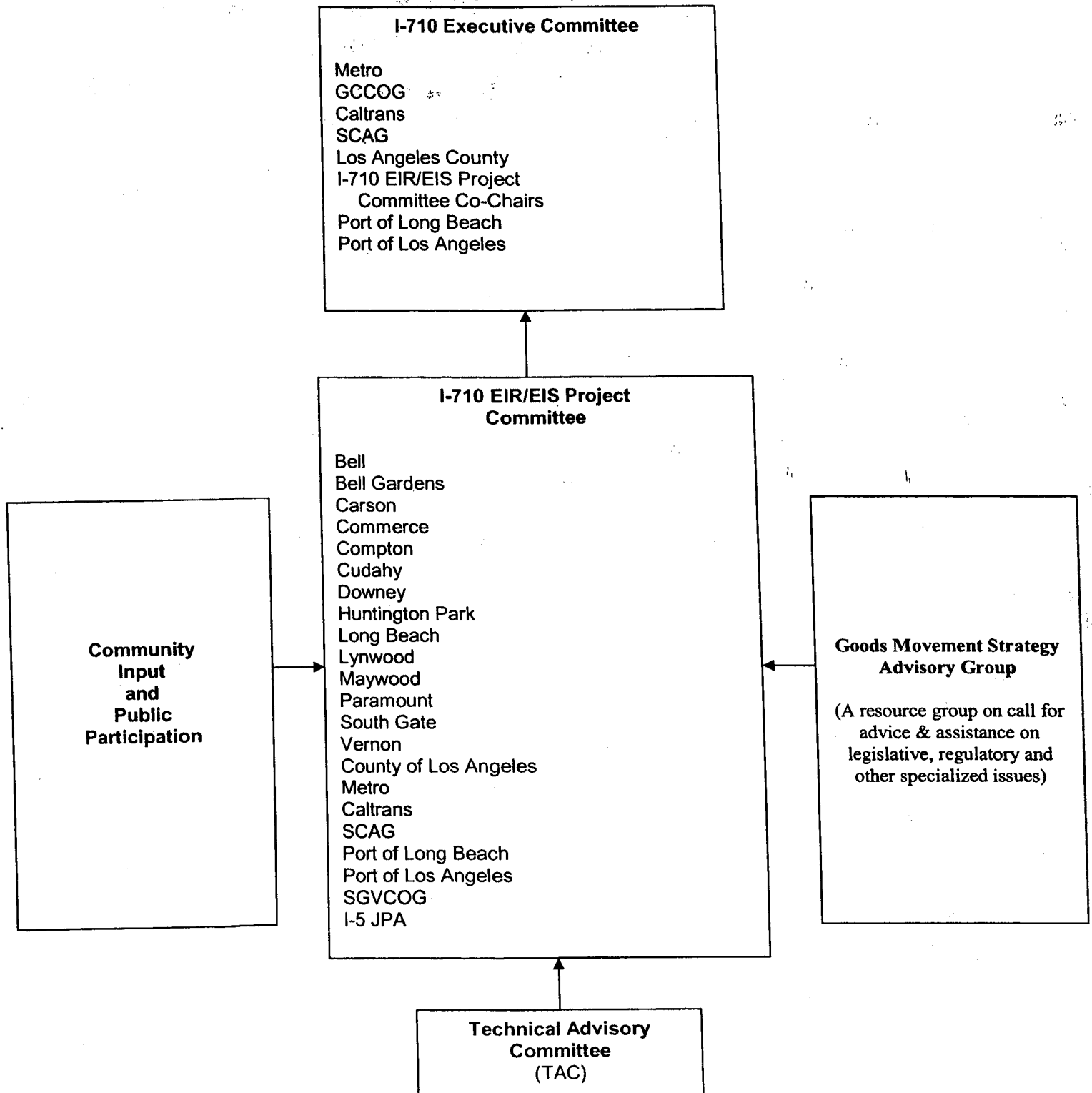
Preliminary Concepts, Subject to Change



Source: Jerry Wood, Consultant, in association with MMA, Inc. and Nolan Consulting, Inc., April 2004, Updated April, 2006

ATTACHMENT 2

I-710 PROJECT GOVERNANCE STRUCTURE



MEMO

DATE: September 14, 2006

TO: Energy and Environment Committee

FROM: Jennifer Brost Sarnecki, AICP, Associate Regional Planner, (213) 236-1829,
sarnecki@scag.ca.gov

SUBJECT: Clean Alternative Energy Act

SUMMARY:

This item will be presented for discussion purposes. Proponents for Proposition 87, Californians for Clean Energy, have requested Regional Council's endorsement. Staff has invited both proponents and opponents to discuss this proposition for the Energy and Environment Committee.

The Clean Alternative Energy Act (Proposition 87) seeks a Constitutional amendment to charge a severance tax on oil production in California at a rate of 1.5 percent to 6.0 percent (depending on the gross value of each barrel). The proceeds of the severance tax would be deposited into a new fund created by the measure, the California Energy Independence Fund. The measure would reorganize an existing body in state government.

BACKGROUND:

In June 2006, the Energy and Environment Committee received a presentation during the public comment period from a representative of Californians for Clean Energy, an organization supporting the Clean Alternative Energy Act (Proposition 87). The representative sought an endorsement from SCAG. At the request of the Chair, staff has prepared information on Proposition 87 for the EEC's consideration.

Proposition 87 would impose a severance tax on oil production in California to fund a variety of new alternative energy programs. At current levels of production, the tax would apply to about 165 million barrels of oil produced in the state annually. At current levels of oil production, new State revenues would total either about \$200 million or \$380 million, depending on how the measure is interpreted.

Oil production in California peaked in 1985, and has declined, on average, by 4 – 5 percent per year since then. California oil production supplies approximately 42 percent of the state's oil demand, with Alaska production supplying approximately 22 percent, and foreign oil supplying about 36 percent.

The measure would result in fiscal reductions of unknown amounts in: local revenues from property taxes paid on oil reserves, potentially partially offset by state payments to schools to make up their revenues loss; state revenues from incomes taxes paid by oil producers; and, potentially, state and local revenues from gasoline and diesel excise and sales taxes. On the other hand, using revenues derived from the severance tax to invest in new technologies may spur economic development in California. To the extent that new technologies supported by the measure are developed and/or manufactured in the state, the benefits to the economy from this development may offset, to an unknown extent, any negative economic impacts of the measure.

According to the measure, the cost of the severance tax is to be borne only by the producers of oil. The measure states that the producers would not be allowed to pass on the cost of this severance tax to

MEMO

consumers through increased costs for oil, gasoline, or diesel fuel. The Board of Equalization (BOE) is charged with enforcing this prohibition against passing on the cost of the tax. However, it is unclear the extent to which BOE would be able to enforce this statutory prohibition, given the difficulties in determining what portion of a potential price increase on oil and related products is due to the imposition of the severance tax, as opposed to other costs of production.

The proceeds of the severance tax would be deposited in a new fund created by the measure, the California Energy Independence Fund. The measure would also reorganize an existing body in state government, the California Alternative and Advanced Transportation Financing Authority, into a new California Energy Alternatives Program Authority. The Authority is required to develop strategic plans, adopt procedures and standards for awarding incentives to encourage the development and use of alternative energy technologies, and award incentives based on the allocation of the revenues from the new severance tax provided by the measure.

The stated goal of the measure, to be achieved through the various programs funded by it, is to reduce the use of petroleum in California by 25 percent from 2005 levels by 2017. The actual reduction would depend on the extent to which the measure was successful in promoting, and consumers and producers adopted, new technologies and energy efficient practices.

Proposition 87 Support

Natural Resources Defense Council

Coalition for Clean Air

Sierra Club, California

Other supporters at <http://www.yeson87.org/page/content/endorse>

Proposition 87 Opposition

California Chamber of Commerce

Californians Against Higher Taxes

California Independent Petroleum Association

Other opposition at <http://nooiltax.com/whoopposes.html>

Proposition 87 No Position

California League of Cities

California State Association of Counties

Attachments:

- *Legislative Analyst's Office Fiscal Analysis, Proposition 87, Final, 7/20/06*
- *Text of the Clean Alternative Energy Act (Proposition 87)*

Proposition 87
**Alternative Energy. Research, Production, Incentives. Tax on
California Oil. Initiative Constitutional Amendment and Statute.**

Background

California Oil Production. In 2005, California's estimated oil production (excluding federal offshore production) totaled 230 million barrels of oil—an average of 630,000 barrels per day. California's 2005 oil production represents approximately 12 percent of U.S. production, making California the third largest oil-producing state, behind Texas and Alaska. Oil production in California peaked in 1985, and has declined, on average, by 2 percent to 3 percent per year since then. In 2005, California oil production supplied approximately 37 percent of the state's oil demand, while Alaska production supplied approximately 21 percent, and foreign oil supplied about 42 percent.

Virtually all of the oil produced in California is delivered to California refineries. In 2005, the total supply of oil delivered to oil refineries in California was 674 million barrels, including oil produced in California as well as outside the state. Of the total oil refined in California, approximately 67 percent goes to gasoline and diesel (transportation fuels) production.

Oil-Related Taxation in California. Oil producers pay the state corporate income tax on profits earned in California. Oil producers also pay a regulatory fee to the Department of Conservation (which regulates the production of oil in the state) that is assessed on production, with the exception of production in federal offshore waters. This regulatory fee is used to fund a program that, among other activities, oversees the drilling, operation, and maintenance of oil wells in California. Currently, producers pay a fee of 6.2 cents per barrel of oil produced, which will generate total revenues of \$14 million in 2006-07. Additionally, property owners in California pay local property taxes on the value of both oil extraction equipment (such as drills and pipelines) as well as the value of the recoverable oil in the ground.

Proposal

Severance Tax on Oil Production in California. Beginning in January 2007, the measure would impose a severance tax on oil production in California to generate revenues to fund \$4 billion in alternative energy programs over time. (The term "severance tax" is commonly used to describe a tax on the production of any mineral or product taken from the ground, including oil.) The measure defines "producers," who are required to pay the tax, broadly to include any person who extracts oil from the ground or water, owns or manages an oil well, or owns a royalty interest in oil.

The severance tax would not apply to federal offshore production beyond three miles from the coast. The measure is unclear as to whether the severance tax would

apply to oil production on state-owned lands (which includes offshore production within three miles of the coast) or production on federal lands in the state. Additionally, the severance tax would not apply to oil wells that produce less than ten barrels of oil per day, unless the price of oil at the well head was above \$50 per barrel. At current prices and levels of production, the tax would apply to about 230 million barrels of oil produced in the state annually if state and federal lands are included, or about 200 million barrels of oil production annually if they are not included.

Tax Rate Structure. The measure states that the tax would be "applied to all portions of the gross value of each barrel of oil severed as follows:"

- 1.5 percent of the gross value of oil from \$10 to \$25 per barrel;
- 3.0 percent of the gross value of oil from \$25.01 to \$40 per barrel;
- 4.5 percent of the gross value of oil from \$40.01 to \$60 per barrel; and
- 6.0 percent of the gross value of oil from \$60.01 per barrel and above.

The wording of the measure regarding the application of the tax rates could be interpreted in two different ways. On one hand, it could be interpreted such that the tax would be applied on a *single rate* basis on the *full* gross value of oil per barrel. For example, if the gross value is \$70 per barrel, the tax would be applied at a rate of 6.0 percent on the full \$70—yielding a tax of \$4.20 per barrel. On the other hand, it could be interpreted to apply on a *marginal rate* basis similar to the income tax. For example, if the gross value is \$70 per barrel, the first \$10 is not taxed, the value from \$10 to \$25 is taxed at 1.5 percent, and so on—yielding a tax of \$2.17 per barrel.

In general, for a given period of time, the single rate interpretation would generate twice as much tax revenue as would the marginal rate interpretation. The issue of the application of the tax would presumably be resolved by regulations adopted by the California State Board of Equalization (BOE) and interpretation by the courts.

Passing Along the Cost of the Tax to Consumers. The measure states that producers would not be allowed to pass on the cost of this severance tax to consumers through increased costs for oil, gasoline, or diesel fuel. The BOE is charged with enforcing this prohibition against passing on the cost of the tax. While it may be difficult to *administratively* enforce this provision (due to the many factors that determine oil prices), economic factors may also limit the extent to which the severance tax is passed along to consumers. For example, the global market for oil means that California oil refiners have many options for purchasing crude oil. As a result, oil refiners facing higher-priced oil from California producers could, at some point, find it cost-effective to purchase additional oil from non-California suppliers, whose oil would not be subject to this severance tax.

Term of the Tax. The measure directs that the new California Energy Alternatives Program Authority (Authority), discussed below, shall spend \$4 billion for specified purposes within ten years of adopting strategic plans to implement the measure. The

revenues are to be used for new spending (that is, they cannot be used to replace current spending). Under the measure, the Authority has the ability to raise program funds in advance of collecting severance tax revenues by selling bonds that would be paid back with future severance tax revenues.

The severance tax would expire once the Authority has spent \$4 billion and any bonds issued by the Authority are paid off. The length of time that the tax would be in effect will depend on several factors, including the interpretation of the tax rate, the future price and production of oil, and decisions about using bonds. Because the measure directs the new authority to spend \$4 billion within ten years, the tax will be in effect at least long enough to generate this amount of revenue and longer if bonds are issued.

Depending on these variables, the term of the tax would range from less than ten years to several decades. For example, the shorter period would result under the single tax rate and/or higher oil prices and production levels. Alternatively, a longer period would result under the marginal tax rate and/or lower oil prices and production.

Tax Revenues to be Deposited in New Special Fund. The proceeds of the severance tax would be deposited in a new fund created by the measure, the California Energy Independence Fund. These revenues would not be eligible for loan or transfer to the state's General Fund and would be continuously appropriated (and thus, not subject to the annual state budget appropriation process).

Reorganized State Entity to Spend the Tax Revenues. The measure would reorganize an existing body in state government, the California Alternative Energy and Advanced Transportation Financing Authority, into a new California Energy Alternatives Program Authority (Authority). This reorganized authority would be governed by a board made up of nine members, including the Secretary for Environmental Protection, the Chair of the State Energy Resources Conservation and Development Commission, the Treasurer, and six members of the public who have specific program expertise, including: economics, public health, venture capital, energy efficiency, entrepreneurship, and consumer advocacy. The Authority is required to develop strategic plans and award funds to encourage the development and use of alternative energy technologies. The board would appoint a staff to administer various programs specified in the measure.

One of the stated *goals* of the measure, to be achieved through the various programs funded by it, is to reduce the use of petroleum in California by 25 percent from 2005 levels by 2017. The *actual* reduction would depend on the extent to which the measure was successful in developing and promoting—and consumers and producers used—new technologies and energy efficient practices.

Allocation of Funds. The funds generated from the severance tax, as well as any bonding against future severance tax revenues, would be allocated as follows, after first covering debt-service costs and expenses to collect the severance tax:

- ***Gasoline and Diesel Use Reduction Account (57.50 Percent)***—for incentives (for example, consumer loans, grants, and subsidies) for the purchase of alternative fuel vehicles, incentives for producers to supply alternative fuels, incentives for the production of alternative fuel infrastructure (for example, fueling stations), and grants and loans for private research into alternative fuels and alternative fuel vehicles.
- ***Research and Innovation Acceleration Account (26.75 Percent)***—for grants to California universities to improve the economic viability and accelerate the commercialization of renewable energy technologies and energy efficiency technologies.
- ***Commercialization Acceleration Account (9.75 Percent)***—for incentives to fund the start-up costs and accelerate the production and distribution of petroleum reduction, renewable energy, energy efficiency, and alternative fuel technologies and products.
- ***Public Education and Administration Account (3.50 Percent)***—for public education campaigns, oil market monitoring, and general administration. Of the 3.5 percent, at least 28.5 percent must be spent for public education, leaving a maximum of 71.5 percent of the 3.5 percent (or roughly 2.5 percent of total revenues) for the Authority's administrative costs.
- ***Vocational Training Account (2.50 Percent)***—for job training at community colleges to train students to work with new alternative energy technologies.

Fiscal Effects

New State Revenues to Be Used for Dedicated Purposes. Our estimates below are based on 2005 oil production levels and the average price of oil for the first six months of 2006. The severance tax would raise from about \$225 million to \$485 million annually. The level of revenue generated would depend both on (1) whether the tax was interpreted using the marginal rate interpretation or the single rate interpretation and (2) whether oil production on state and federal lands is taxed. However, *actual* revenues collected under the measure will depend on both future oil prices and oil production in the state. As these variables are difficult to predict, there is uncertainty as to the level of revenue collections.

State and Local Administrative Costs to Implement the Measure. Because programs of the size and type to be overseen by the Authority have not been undertaken before in the area of transportation fuels, the administrative costs to the Authority to carry out the measure are unknown. Under the provisions of the measure, up to 2.5 percent of revenues in the new fund would be available to the Authority for its general administration costs. This would on average set aside from about \$5 million to \$12 million annually for administration. The amount of administrative funds available would depend both on (1) whether the tax was interpreted using the marginal rate

interpretation or the single rate interpretation and (2) whether oil production on state and federal lands is taxed.

Costs to BOE to collect the severance tax and administrative costs associated with the issuance and repayment of bonds by the Treasurer's Office are not counted as part of the Authority's administration budget and are to be paid from the severance tax revenues. Additionally, in oil-producing counties, local administrative costs would increase by an unknown but probably minor amount, due to increased reassessment activity by local property tax assessors to account for the effects of the severance tax on oil-related property values.

Reduction in Local Property Tax Revenues. Local property taxes paid on oil reserves would decline under the measure relative to what they otherwise would have been, to the extent that the imposition of the severance tax reduces the value of oil reserves in the ground and its assessed property value for tax purposes. Although the exact size of this impact would depend on future oil prices, which determine both the severance tax rate and the value of oil reserves, it would likely not exceed a few million dollars statewide annually.

Reduction in State Income Tax Revenues. Oil producers would be able to deduct the severance tax from earned income, thus reducing their state income tax liability under the personal income tax or corporation tax. The extent to which the measure would reduce state income taxes paid by oil producers would depend on various factors, including whether or not an oil producer has taxable income in any given year, the amount of such income that is apportioned to California, and the tax rate applied to such income. We estimate that the reduction would likely not exceed \$10 million statewide annually.

Potential Reduction in State Revenues From Oil Production on State Lands. The state receives a portion of the revenues from oil production on state lands, including oil produced within three miles of the coast. If the measure is interpreted to apply to production on these state lands, then the severance tax would reduce state General Fund revenues by \$7 million to \$15 million annually, depending on whether the measure is interpreted using the marginal rate or the single rate.

Potential Reductions in Fuel Excise Tax and Sales Tax Revenues. The measure could change both the amount and mix of fuels used in California, and thus excise and sales tax revenues associated with them. For example, to the extent that the programs funded by the measure are successful in reducing the use of oil for transportation fuels, it would reduce to an unknown extent the amount of gasoline and diesel excise taxes paid to the state and the sales and use taxes paid to the state and local governments. These reductions would be partially offset by increased taxes paid on alternative fuels, such as ethanol, to the extent that the measure results in their increased use.

Potential Indirect Impacts on the Economy. In addition to the direct impacts of the measure, there are potential indirect effects of the measure that could affect the level of economic activity in the state.

On the one hand, by increasing the cost of oil production, the severance tax could reduce production, reduce investment in new technologies to expand production, and/or modestly increase the cost of oil products to Californians. This could have a negative impact on the state's economy.

On the other hand, using revenues from the severance tax to invest in new technologies may spur economic development in California. This would occur to the extent that new technologies supported by the measure are developed and/or manufactured in the state. This could have a positive impact on the state's economy.

Taken together, these economic factors could have mixed impacts on state and local tax revenues.

SA2005RF0138,
Amdt # 2-S

December 14, 2005

VIA MESSENGER

Office of the Attorney General
1300 "T" Street
Sacramento, CA 95814

Attention: Tricia Knight

RECEIVED

DEC 14 2005

INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

Re: *The Clean Alternative Energy Act (Version 2)*
Your File No. SA2005RF0138, Amdt. #1-S

Dear Ms. Knight:

We enclose a non-substantive amendment to version 2 of the Clean Alternative Energy Act submitted to your office for title and summary. The amendment merely makes a technical, non-substantive change by adding a single word, "comparable," to the Findings and Declarations, Section 2, subdivision (D). It makes no changes to the constitutional or statutory provisions in the measure. We assume that this change will not re-start the clock. Please advise us if you have any questions about this matter.

Thank you.

Sincerely,

James C. Harrison

Thomas A. Willis

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THE CLEAN ALTERNATIVE ENERGY ACT

SECTION 1. TITLE.

This measure shall be known as the "Clean Alternative Energy Act."

SECTION 2. FINDINGS AND DECLARATIONS.

The people of California find and declare the following:

A. Californians are facing a severe energy crisis. In 2005, the price of oil nearly doubled and the cost of a gallon of gas soared to over \$3 in some areas, causing ordinary consumers extreme financial distress while the big oil companies reported record profits.

B. Our demand for energy is rising rapidly while our energy supply shrinks, and we continue to grow more dependent on foreign oil.

C. Our excessive dependence on fossil fuels is imposing economic, environmental, and social costs. High-polluting vehicles like diesel buses and trucks create significant air pollution that is threatening the health of our families and children with lung diseases and asthma. They can and should be replaced by clean alternative fuel vehicles.

D. California is the only major oil-producing state in the country that does not impose a comparable fee on oil produced at its wells. California's oil producers are enjoying windfall profits at the expense of California consumers and taxpayers.

E. An assessment paid by California's big oil companies on their excess profits is a proven way to reclaim some of those revenues without raising prices for consumers. California is the only one of the nation's top five oil-producing states without a comparable assessment on oil producers. These assessments have proven to be impossible for the big oil companies to "pass along" to consumers in the form of higher gas prices at the pump because oil prices are set on the global market without regard to regional or local costs or assessments.

F. Consumers should be protected from any attempt at price gouging by big oil companies if they try to pass along their assessment costs by increasing gas prices at the pump.

G. The proceeds from the assessment on California oil companies' excess profits should be used to reduce the consumption of petroleum, foster the development and use of clean alternative fuels, clean alternative fuel vehicles, and renewable energy technologies, and improve energy efficiency in California.

H. A clean, environmentally-sound energy economy with greatly improved energy efficiency is a vital, pro-business goal. Given that fossil fuel reserves are finite, and that the global appetite for energy is growing, the only question is when – not if – we will

make our economy significantly more energy efficient and switch to renewable energies and get more work out of less energy. But politicians in Washington have failed to offer visionary leadership for energy independence or to capture the economic rewards of early action in this critical technology sector.

I. The United States' dependence on foreign oil is a serious danger to U.S. national security, hampers U.S. foreign policy, and is a persistent threat to the U.S. economy. Because 60% of the petroleum the U.S. currently uses comes from foreign imports, and because California is the largest consumer of petroleum products, we must do our part to address these national problems.

J. Further delay in beginning the transition to clean, efficient, and renewable energy puts California and the U.S. at risk for economic upheaval, and cedes the opportunity for new energy technological and industrial leadership to other more pro-active countries, thereby perpetuating our dependence on foreign energy sources.

K. The transition to a renewable energy economy creates an opportunity for California to profit economically, socially, and environmentally. Clean alternative energy technologies like solar, wind, and hydrogen, and clean alternative fuel vehicles like hybrids and bio-fueled cars and trucks are available today and can help reduce our dependence on oil and gasoline.

L. California's history of technological innovation and entrepreneurship, international leadership in promoting energy efficiency, abundance of world-leading academic institutions, national leadership in environmental stewardship, and position as one of the United States' largest energy consumers uniquely qualifies us to lead the way into the renewable energy era.

SECTION 3. PURPOSE AND INTENT.

It is the intent of the people of California in enacting this measure to:

A. Invest approximately \$4 billion in projects and programs designed to enhance California's energy independence and to reduce our use of petroleum, including funding for: research, facility, and training grants to California's universities; vocational training grants to community colleges; and buydowns, loans, loan guarantees, and credits to accelerate the development and deployment of renewable energy technologies, energy efficiency technologies, clean alternative fuels, and clean alternative fuel vehicles;

B. Provide incentives to ordinary Californians to make clean alternative fuel vehicles and clean alternative fuels as affordable and easy to obtain as gasoline and diesel fuels and vehicles. Incentive programs like this have already succeeded in breaking other countries' oil dependence, and they can easily work in California today;

C. Create new industries, technologies, and jobs focused on renewable energy, energy efficiency, clean alternative fuels, and clean alternative fuel vehicles, expand our State's

wealth, and ensure that any loan proceeds, royalties or license fees the State receives as a result of the funding are reinvested in this program;

D. Reduce our dependence on foreign oil by developing renewable sources of energy and clean alternative fuels, increasing their usage here in California, and by improving our energy efficiency;

E. Improve our environment, public health, and quality of life by reducing emissions of carbon dioxide and other global warming gases;

F. Reduce by 25% our use of petroleum transportation fuels in California from the 2005 level of 16 billion gallons annually to begin conserving four billion gallons annually by 2017, and conserve a total of 10 billion gallons over ten years between 2007 and 2017;

G. Invest in energy education in California so that California workers can take advantage of the job opportunities that will open up for those trained in emerging energy systems, technologies, and management methods;

H. Make full use of California's internal resources and its capability for innovation to develop new ways to meet four of the state's important long-term goals: the Renewable Portfolio Standard, Control of Greenhouse Gas Emissions from Motor Vehicles, the Governor's Greenhouse Gas targets, and the petroleum reduction goals set forth in this Act;

I. Impose an assessment on oil extracted from California's oil wells to ensure that California consumers' future energy needs are met without raising gasoline prices for consumers today. By ensuring that oil producers in California finally pay their fair share, we will create a dedicated funding stream of approximately \$4 billion to secure California's future energy independence;

J. Ensure that California oil companies fully comply with the excess profits assessment and protect consumers by prohibiting the oil companies, consistent with U.S. Supreme Court precedent, from attempting to gouge consumers by using the assessment as a pretext to raise prices on oil, gasoline, and diesel fuels in California; and

K. Ensure that the revenues from the new assessment on California oil producers are invested wisely in the most promising research and technologies, and require mandatory independent audits and annual progress reports so that the leaders of this project are accountable to the people of California.

SECTION 4. Article XXXVI is hereby added to the California Constitution to read:

Sec. 1. There is hereby established in state government the Clean Alternative Energy Program.

Sec. 2. The Clean Alternative Energy Program shall be administered by the California Energy Alternatives Program Authority, which is established in Division 16 (commencing with Section 26000) of the Public Resources Code, and shall be funded by the California Energy Independence Fund Assessment, which is established in Division 2, Part 21 (commencing with Section 42000) of the Revenue and Taxation Code.

Sec. 3. In addition to the powers set forth in Division 16 (commencing with Section 26000) of the Public Resources Code, the California Energy Alternatives Program Authority shall have the power, notwithstanding Article XVI of this Constitution, any other article of this Constitution, or any other provision of law, to use revenues produced by the California Energy Independence Fund Assessment to provide incentives including, but not limited to, grants, loans, loan guarantees, buydowns, and credits to universities, community colleges, research institutions, individuals, companies, associations, partnerships, and corporations pursuant to the Clean Alternative Energy Act or to secure the repayment of any bonds, bond anticipation notes, and other obligations and indebtedness of the authority issued pursuant to Division 16 (commencing with Section 26000) of the Public Resources Code, and any other costs associated with such bonds, that are used to fund such incentives.

Sec. 4. (a) Revenues produced by the California Energy Independence Fund Assessment shall be deposited in the California Energy Independence Fund, which is hereby created as a special fund in the State Treasury, to be held in trust for the purposes of the Clean Alternative Energy Act. Moneys held in the California Energy Independence Fund are hereby continuously appropriated, without regard to fiscal year, for those purposes alone.

(b) The California Energy Alternatives Program Authority shall be authorized to expend four billion dollars (\$4,000,000,000) from the California Energy Independence Fund for the purposes of the Clean Alternative Energy Act, as provided in subdivision (d) of Section 26045 of the Public Resources Code.

(c) The proceeds of any bonds, bond anticipation notes, and other obligations and indebtedness of the authority issued pursuant to Division 16 (commencing with Section 26000) of the Public Resources Code, the revenues produced by any grants or loans made pursuant to the Clean Alternative Energy Act, and any royalties or license fees generated pursuant to the Clean Alternative Energy Act shall be deposited in the California Energy Independence Fund and are hereby continuously appropriated, without regard to fiscal year, for the purposes of the Clean Alternative Energy Act alone.

(d) The moneys in the California Energy Independence Fund may not be used for any purpose or program other than the purposes or programs authorized by the Clean Alternative Energy Act, and may not be loaned to the state General Fund, or to any other fund of the state, or to any fund of a county, or any other entity, or borrowed by the Legislature, or any other state or local agency, for any purpose other than the purposes authorized by the Clean Alternative Energy Act.

(e) Notwithstanding any other provision of this Constitution, revenues generated by the California Energy Independence Fund Assessment shall not be deemed to be "revenues" or "taxes" for purposes of computing any State expenditure or appropriation limit that is enacted on or after June 6, 2006, nor shall their expenditure or appropriation be subject to any reduction or limitation imposed pursuant to any provision enacted after that date.

SECTION 5. Section 14 is hereby added to Article XIII B of the California Constitution to read:

Sec. 14. (a) "Appropriations subject to limitation" of each entity of government shall not include appropriations of revenue from the California Energy Independence Fund, which is established in subdivision (a) of Section 4 of Article XXXVI. No adjustment in the appropriations limit of any entity of government shall be required pursuant to Section 3 as a result of revenue being deposited in or appropriated from the California Energy Independence Fund.

(b) Revenues generated by the California Energy Independence Fund Assessment shall not be considered General Fund revenues for the purposes of Section 8 and Section 8.5 of Article XVI.

SECTION 6. Section 26004 of the Public Resources Code is hereby amended to read:

Sec. 26004. (a) There is in the state government the ~~California Alternative Energy and Advanced Transportation Financing~~ California Energy Alternatives Program Authority. The authority constitutes a public instrumentality and the exercise by the authority of powers conferred by this division and Article XXXVI of the California Constitution is the performance of an essential public function.

(b) The authority shall consist of ~~five~~ nine members, as follows:

(1) ~~The Secretary of the California Environmental Protection Agency~~ ~~The Director of Finance.~~

(2) The Chairperson of the State Energy Resources Conservation and Development Commission.

(3) ~~The President of the Public Utilities Commission.~~ The Treasurer.

(4) ~~The Controller.~~ A Californian who has expertise in economics, energy markets, and energy efficiency technologies, appointed by the Governor.

(5) ~~The Treasurer, who shall serve as the chairperson of the authority.~~ A Californian who has expertise, and who has demonstrated leadership, in public health, appointed by the Governor.

(6) A Californian who has expertise in finance, start-ups, and venture capital, preferably with experience in enterprises comparable in scale and purpose to those that would be eligible for funding pursuant to the Clean Alternative Energy Act, appointed by the Controller.

(7) A renewable energy or energy efficiency expert from a California university that awards doctoral degrees in the sciences who is either a member of the National Academy of Sciences, the National Academy of Engineering, or a Nobel Prize laureate, appointed by the Speaker of the Assembly.

(8) The dean or a tenured faculty member of a major, nationally-recognized California business school that awards post-graduate degrees who has significant experience in as many as possible of new technology ventures, entrepreneurship, consumer marketing, consumer adoption of new trends, and enterprises comparable in scale and purpose to those that would be eligible for funding pursuant to the Clean Alternative Energy Act, appointed by the Senate Rules Committee.

(9) A Californian who has expertise, and who has demonstrated leadership, in consumer advocacy, preferably with substantial experience in consumer marketing and business, appointed by the Attorney General.

(c) The members listed in paragraphs (1) to (35), inclusive, of subdivision (b) may each designate a deputy, who is employed under the member's authority, and notwithstanding Section 7.5 of the Government Code, each such designee may act in his or her place and stead on the board. While serving on the board, the deputy may exercise the same powers that the member could exercise if he or she were personally present. ~~each designate a deputy or clerk in his or her agency to act for and represent the member at all meetings of the authority.~~

(d) The first meeting of the authority after the voters' enactment of the Clean Alternative Energy Act shall be convened by the Treasurer within 60 days of the effective date of the Act. At the first meeting, the members of the authority shall elect a chairperson, who shall serve a two-year term. No chairperson shall serve more than two consecutive two-year terms.

(e) Members of the authority and any entity controlled by a member shall not be eligible to apply for any incentive including, but not limited to, any grant, loan, loan guarantee, credit, or buydown awarded by the authority or any contract made by the authority.

(f) Members of the authority appointed pursuant to paragraphs (4) through (9) of subdivision (b) shall serve four-year terms and shall be eligible to serve a maximum of two terms.

(g) *Service as a member of the authority by a member of the faculty or administration of the University of California shall not, by itself, be deemed to be inconsistent, incompatible, in conflict with, or inimical to the duties of a member of the authority as a member of the faculty or administration of the University of California and shall not result in automatic vacation of either office. Service as a member of the authority by an employee of an entity that is eligible for funding from the authority shall not be deemed to be inconsistent, incompatible, in conflict with, or inimical to the duties of a member of the authority as an employee of an entity that is eligible for funding from the authority.*

SECTION 7. Section 26005 of the Public Resources Code is hereby amended to read:

Sec. 26005. All members of the authority shall serve thereon without compensation as members of the authority, *except for the members appointed pursuant to paragraphs (4) through (9) of subdivision (b) of Section 26004, who shall be entitled to receive a per diem, established by the Department of Personnel Administration, based on comparable per diem paid to members of similar state boards and commissions, for each day actually spent in the discharge of the member's duties. All members of the authority shall be entitled to reasonable and necessary travel and other expenses incurred in the performance of the member's duties.*

SECTION 8. Section 26006 of the Public Resources Code is hereby amended to read:

Sec. 26006. The provisions of this division shall be administered by the authority which shall have and is hereby vested with all powers reasonably necessary to carry out the powers and responsibilities expressly granted or imposed upon it under this division *and under Article XXXVI of the California Constitution.*

SECTION 9. Section 26008 of the Public Resources Code is hereby amended to read:

Sec. 26008. (a) *The authority shall appoint a Chief Executive Officer with substantial business experience in the private sector at a senior management level, preferably with experience in new technology, to serve the authority, as soon as reasonably practicable. ~~may employ an executive director and any other persons as are necessary to enable it properly to perform the duties imposed upon it by this division. The Chief Executive Officer executive director shall serve at the pleasure of the authority. and shall receive such compensation as shall be fixed by the authority. The authority may delegate to the executive director the power to enter contracts on behalf of the authority. The Chief Executive Officer's primary responsibilities shall be to hire, direct, and manage the authority's staff; to develop the authority's two-year and ten-year strategic plans pursuant to Section 26045; to develop and recommend standards and procedures, including a competitive selection process, to govern the authority's consideration and award of incentives including, but not limited to, grants, loans, loan~~*

guarantees, credits, and buydowns pursuant to Section 26045; to develop recommendations for the award of incentives including, but not limited to, grants, loans, loan guarantees, credits, and buydowns pursuant to Section 26045; to develop and recommend procedures and standards to monitor recipients of incentives including, but not limited to, grants, loans, loan guarantees, credits, and buydowns awarded by the authority pursuant to Section 26045; and to execute and manage contracts on behalf of the authority.

(b) From time to time, the authority shall determine the total number of authorized employees for the authority.

(1) Notwithstanding Government Code Sections 19816, 19825, 19826, 19829, and 19832, the authority shall fix and approve the compensation of the Chief Executive Officer and other staff of the authority.

(2) When fixing and approving the compensation of the Chief Executive Officer and other staff of the authority pursuant to paragraph (1), the authority shall be guided by the principles contained in Government Code Sections 19826 and 19829, consistent with the authority's responsibility to recruit and retain highly qualified and effective employees.

SECTION 10. Section 26010 of the Public Resources Code is hereby amended to read:

Sec. 26010. (a) The Attorney General shall be the legal counsel for the authority, but with the approval of the Attorney General, the authority may employ such legal counsel as in its judgment is necessary or advisable to enable it to carry out the duties and functions imposed upon it by this division, including the employment of such bond counsel as may be deemed advisable in connection with the issuance and sale of bonds.

(b) The ~~Treasurer~~ ~~Director of Finance~~ shall be the treasurer of the authority.

SECTION 11. Section 26020 of the Public Resources Code is hereby amended to read:

Sec. 26020. ~~(a)~~ The authority may incur indebtedness and issue and renew negotiable bonds, notes, debentures, or other securities of any kind or class *to carry out its corporate purposes*. All indebtedness, however evidenced, shall be payable solely from revenues of the authority, *including the proceeds from the assessment imposed pursuant to Part 21 (commencing with Section 42000) of Division 2 of the Revenue and Taxation Code* and the proceeds of its negotiable bonds, notes, debentures, or other securities, ~~and shall not exceed the sum of one billion dollars (\$1,000,000,000) of total debt outstanding.~~

~~(b) As used in this section, "total debt outstanding" does not include either of the following:~~

~~(1) A bond for which provisions have been made for prepayment through irrevocable escrow or other means, so that the bond is not considered outstanding under its authorizing document.~~

~~(2) Indebtedness that is incurred to refund existing debts, except to the extent that the indebtedness exceeds the amount of those debts.~~

SECTION 12. Section 26021 of the Public Resources Code is hereby deleted:

~~Sec. 26021. The Legislature may, by statute, authorize the authority to issue bonds, as defined in Section 26022, in excess of the amount provided in Section 26020.~~

SECTION 13. Section 26022 of the Public Resources Code is hereby amended to read:

Sec. 26022. (a) The authority is authorized from time to time to issue its negotiable bonds, notes, debentures, or other securities (hereinafter collectively called "bonds") for any of its purposes. The bonds may be authorized, without limiting the generality of the foregoing, to finance a single project for a single participating party, a series of projects for a single participating party, a single project for several participating parties, or several projects for several participating parties *and to finance expenditures authorized by the Clean Alternative Energy Act as set forth in Chapter 4 (commencing with Section 26043) of this division.* In anticipation of the sale of bonds as authorized by Section 26020, ~~or as may be authorized pursuant to Section 26021,~~ the authority may issue negotiable bond anticipation notes and may renew the notes from time to time. The bond anticipation notes may be paid from the proceeds of sale of the bonds of the authority in anticipation of which they were issued. Notes and agreements relating to the notes and bond anticipation notes, hereinafter collectively called notes, and the resolution or resolutions authorizing the notes may contain any provisions, conditions or limitations which a bond, agreement relating to the bond, and bond resolution of the authority may contain. However, a note or renewal of the note shall mature at a time not exceeding two years from the date of issue of the original note.

(b) Except as may otherwise be expressly provided by the authority *and except as more particularly provided in subdivision (e),* every issue of its bonds, notes, or other obligations shall be general obligations of the authority payable from any revenues or moneys of the authority available for these purposes and not otherwise pledged, subject only to any agreements with the holders of particular bonds, notes, or other obligations pledging any particular revenues or moneys and subject to any agreements with any participating party. Notwithstanding that the bonds, notes, or other obligations may be payable from a special fund, they are for all purposes negotiable instruments, subject only to the provisions of the bonds, notes, or other obligations for registration.

(c) ~~Subject to the limitations in Sections 26020 and 26021,~~ the ~~b~~Bonds may be issued as serial bonds or as term bonds, or the authority, in its discretion, may issue bonds

of both types. The bonds shall be authorized by resolution of the authority and shall bear the date or dates, mature at the time or times, not exceeding 50 years from their respective dates, bear interest at the rate or rates, be payable at the time or times, be in the denominations, be in the form, either coupon or registered, carry the registration privileges, be executed in a manner, be payable in lawful money of the United States of America at a place or places, and be subject to terms of redemption, as the resolution or resolutions may provide, *provided, however, that bonds issued for purposes of the Clean Alternative Energy Act shall have a maturity of not more than 25 years.* The bonds or notes shall be sold by the Treasurer within 60 days of receipt of a certified copy of the authority's resolution authorizing the sale of the bonds. However, the authority, at its discretion, may adopt a resolution extending the 60-day period. The sales may be a public or private sale, and for the price or prices and on the terms and conditions, as the authority shall determine ~~after giving due consideration to the recommendations of any participating party to be assisted from the proceeds of the bonds or notes.~~ Pending preparation of the definitive bonds, the Treasurer may issue interim receipts, certificates, or temporary bonds which shall be exchanged for the definitive bonds. The Treasurer may sell any bonds, notes, or other evidence of indebtedness at a price below their par value. ~~However, the discount on any security so sold shall not exceed 6 percent of the par value.~~

(d) Any resolution or resolutions authorizing any bonds or any issue of bonds may contain provisions, which shall be a part of the contract with the holders of the bonds to be authorized, as to all of the following:

(1) Pledging the full faith and credit of the authority or pledging all or any part of the revenues of any project or any revenue-producing contract or contracts made by the authority with any individual, partnership, corporation, or association or other body, public or private, or other moneys of the authority, *including moneys deposited in the California Energy Independence Fund created by Article XXXVI of the Constitution*, to secure the payment of the bonds or of any particular issue of bonds, subject to the agreements with bondholders as may then exist.

(2) The rentals, fees, purchase payments, loan repayments, and other charges to be charged, and the amounts to be raised in each year by the charges, and the use and disposition of the revenues.

(3) The setting aside of reserves or sinking funds, and the regulation and disposition of the reserves or sinking funds.

(4) Limitations on the right of the authority or its agent to restrict and regulate the use of the project or projects to be financed out of the proceeds of the bonds or any particular issue of bonds.

(5) Limitations on the purpose to which the proceeds of sale of any issue of bonds then or thereafter to be issued may be applied and pledging those proceeds to secure the payment of the bonds or any issue of the bonds.

(6) Limitations on the issuance of additional bonds, the terms upon which additional bonds may be issued and secured and the refunding of outstanding bonds.

(7) The procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent thereto, and the manner in which that consent may be given.

(8) Limitations on expenditures for operating, administrative, or other expenses of the authority.

(9) Defining the acts or omissions to act which constitute a default in the duties of the authority to holders of its obligations and providing the rights and remedies of the holders in the event of a default.

(10) The mortgaging of any project and the site of the project for the purpose of securing the bondholders.

(11) The mortgaging of land, improvements, or other assets owned by a participating party for the purpose of securing the bondholders.

(12) Procedures for the selection of projects to be financed with the proceeds of the bonds authorized by the resolution, if the bonds are to be sold in advance of the designation of the projects and participating parties to receive the financing.

(e) Notwithstanding any other provision of this division, the authority may pledge all moneys which are deposited in the Debt Service Account of the California Energy Independence Fund, which is established by Article XXXVI of the Constitution, to the payment of the principal of premium, if any, or interest on any bonds, bond anticipation notes or other obligations of the authority used to finance the Clean Alternative Energy Act, together with payment of all ancillary obligations, as that term is defined in Section 26048, or other costs of issuing or carrying such bonds. The authority shall determine from time to time and notify the Board of Equalization in writing the amounts which must be deposited each month, or during the course of each fiscal year, in the Debt Service Account to provide for all the aforementioned payments and costs, and any coverage factors which are required by the bond documents. The lien of the pledge of the amounts in the Debt Service Account shall vest automatically upon the execution and delivery of the resolution, trust agreement, or other agreement relating to the bonds, bond anticipation notes, other obligations, or ancillary agreements, without requirement of any filing or notice. If moneys are deposited in the Debt Service Account which exceed the amounts necessary to pay current obligations for repayment of bonds, other obligations and ancillary obligations, the authority shall apply such excess funds to the early retirement of such bonds to the maximum extent fiscally prudent.

(ef) Neither the members of the authority nor any person executing the bonds or notes shall be liable personally on the bonds or notes or be subject to any personal liability or accountability by reason of the issuance thereof.

(fg) The authority shall have power out of any funds available for these purposes to purchase its bonds or notes. The authority may hold, pledge, cancel, or resell those bonds, subject to and in accordance with agreements with bondholders.

SECTION 14. Section 26024 of the Public Resources Code is hereby amended to read:

Sec. 26024. Bonds issued under the provisions of this division shall not be deemed to constitute a debt or liability of the state or of any political subdivision thereof, other than the authority, or a pledge of the faith and credit of the state or of any such political subdivision, other than the authority, but shall be payable solely from the funds herein provided therefor. All such bonds shall contain on the face thereof a statement to the following effect:

“Neither the faith and credit nor the taxing power of the State of California is pledged to the payment of the principal of or interest on this bond.”

Except as set forth in sections 26022 and 26049, The issuance of bonds under the provisions of this division shall not directly or indirectly or contingently obligate the state or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. Nothing contained in this section shall prevent nor be construed to prevent the authority from pledging its full faith and credit to the payment of bonds or issue of bonds authorized pursuant to this division.

SECTION 15. Section 26029.4 of the Public Resources Code is hereby amended to read:

Sec. 26029.4. Subject to Section 26029.6, the existence of the authority may be terminated at any time by the Legislature *no sooner than January 1, 2027 or after the assets of the authority have been fully expended, whichever is later.* Upon dissolution of the authority, the title to all properties owned by it shall, subject to the interests of any participating parties therein, vest in and become the property of the State of California and shall not inure to the benefit of any private party. *Notwithstanding the foregoing, so long as any bonds or other obligations secured by the assessment imposed by Division 2, Part 21 (commencing with Section 42000) of the Revenue and Taxation Code remain outstanding, neither the Legislature nor the people may reduce or eliminate the assessment, and this pledge may be included in the proceedings of any such bonds as a covenant with the holders of such bonds.*

SECTION 16. Section 26033 of the Public Resources Code is hereby amended to read:

Sec. 26033. All moneys received pursuant to the provisions of this division, whether as proceeds from the sale of bonds, notes, or other evidences of indebtedness or as revenues, shall be deemed to be trust funds to be held and applied solely as provided in this division. Any bank or trust company with which such moneys shall be deposited shall act as trustee of such moneys and shall hold and apply the same for the purposes hereof, subject to such regulations as the resolution authorizing the bonds of any issue or the trust agreements securing such bonds may provide. *The proceeds from the assessment imposed pursuant to Part 21 (commencing with Section 42000) of Division 2 of the Revenue and Taxation Code, the proceeds from the sale of bonds, notes, or other evidences of indebtedness secured by the assessment, and any revenues generated by the Clean Alternative Energy Act shall be deposited in the California Energy Independence Fund, as established by Section 4 of Article XXXVI of the California Constitution, and shall be used solely for the purposes of the Clean Alternative Energy Act. Notwithstanding any other provision of law, proceeds of bonds issued pursuant to this division, including those deposited in the Clean Energy Independence Fund, may be held by a trustee outside the State Treasury system as provided by this chapter.*

SECTION 17. Chapter 4 is hereby added to Division 16 of the Public Resources Code, commencing with Section 26043, to read:

CHAPTER 4. CLEAN ALTERNATIVE ENERGY PROGRAM

ARTICLE 1. GENERAL PROVISIONS

Sec. 26043. This Chapter implements the Clean Alternative Energy Act, including Article XXXVI of the California Constitution. As used throughout this Chapter, "Act" refers to the Clean Alternative Energy Act.

Sec. 26044. This Chapter shall govern the expenditure of all revenues deposited in the California Energy Independence Fund.

Sec. 26045. In addition to its other powers and duties, the authority shall perform the following functions:

(a) Within nine months of the effective date of the Act, and every two years thereafter, adopt or modify two-year and ten-year strategic plans to guide the authority's funding decisions in the areas of petroleum use reduction, academic research and vocational training, technology innovation, and public education in order to meet the goals of this Act within ten years of the adoption of the authority's initial strategic plans.

(b) Adopt procedures and standards, including a competitive selection process, to govern the authority's consideration and award of incentives including, but not limited to, grants, loans, loan guarantees, credits, and buydowns. The incentives approved by the authority shall not be deemed to be contracts subject to the Public Contract Code.

(c) Award incentives including, but not limited to, grants, loans, loan guarantees, credits, and buydowns, through a competitive selection process designed to achieve the objectives of this Act within ten years of the date of adoption of the authority's initial strategic plans. For loans and loan guarantees, to the extent permitted under California law, the authority shall use all prudent means to maximize the impact of the loans and loan guarantees by recycling funds or remarketing loans or loan guarantees.

(d) Expend four billion dollars (\$4,000,000,000) within ten years of the date of adoption of the authority's initial strategic plans to achieve the objectives of the Act from either the proceeds of bonds or other obligations of the authority or from the California Energy Independence Fund Assessment deposited in the accounts established pursuant to subdivision (b) of Section 26049. This amount shall not include the costs of repaying indebtedness associated with the Clean Alternative Energy Act, including principal, interest, ancillary obligations, and other costs of any bonds issued pursuant to Division 16 (commencing with Section 26000) of the Public Resources Code. The authority shall expend any additional amounts remaining in the California Energy Independence Fund in furtherance of the purposes of this Act.

(e) Adopt procedures and standards to monitor recipients of incentives including, but not limited to, grants, loans, loan guarantees, credits, and buydowns, awarded by the authority.

(f) Adopt objective standards to measure the authority's success in meeting the goals of this Act.

(g) Ensure the completion of an annual independent financial audit of the authority's operations and issue public reports regarding the authority's activities.

(h) Notwithstanding Section 11005 of the Government Code, accept additional revenue and real and personal property including, but not limited to, gifts, bequests, royalties, interest, and appropriations to supplement the authority's funding. Notwithstanding Section 26049, donors may earmark gifts for a particular purpose authorized by this Act.

(i) Appoint one advisory review committee of no more than nine members for each account established pursuant to subdivision (b) of Section 26049 to assist the authority in its review of applications for funding, if the authority determines that it is necessary to obtain expertise in market dynamics or technology that is not available within the authority. Members of review committees shall be entitled to receive a per diem, established by the Department of Personnel Administration, based on comparable per diem paid to members of similar state review committees, for each day actually spent in the discharge of the member's duties, plus reasonable and necessary travel and other expenses incurred in the performance of the member's duties. Members of the advisory review committees and any entity controlled by a member shall not be eligible to apply for any incentive including, but not limited to, any grant, loan, loan guarantee, credit, or buydown awarded by the authority or any contract made by the authority.

(j) Apply for federal matching funds where possible.

(k) Adopt regulations pursuant to the Administrative Procedure Act (Government Code, Title 2, Division 3, Part 1, Chapter 4.5, Sections 11340 et seq.) as necessary to implement this Act. In order to expedite the commencement of the program mandated by this Act, however, the authority may adopt interim regulations, including standards, without complying with the procedures set forth in the Administrative Procedure Act. The interim regulations shall remain in effect for 270 days unless earlier superseded by regulations adopted pursuant to the Administrative Procedure Act.

Sec. 26046. The authority shall take all actions authorized by this Chapter by a majority vote of a quorum of the authority, except as required by subdivision (f) of Section 26050 and subdivision (c) of Section 26056.

Sec. 26047. Government Code Section 1090 shall not apply to any incentive including, but not limited to, a grant, loan, loan guarantee, credit, or buydown, or contract awarded by the authority pursuant to this Chapter except where both of the following conditions are met:

(a) The member has a financial interest in an incentive or contract.

(b) The member fails to recuse himself or herself from making, participating in making, or in any way attempting to use his or her official position to influence a decision on the incentive or contract.

ARTICLE 2. DEFINITIONS

Sec. 26048. As used in this Act, the following terms shall have the following meanings:

(a) "Ancillary obligation" means an obligation of the authority entered into in connection with any bonds issued under this division, including the following:

(1) A credit enhancement or liquidity agreement, including any credit enhancement or liquidity agreement in the form of bond insurance, letter of credit, standby bond purchase agreement, reimbursement agreement, liquidity facility, or other similar arrangement.

(2) A remarketing agreement.

(3) An auction agent agreement.

(4) A broker-dealer agreement or other agreement relating to the marketing of the bonds.

(5) *An interest rate or other type of swap or hedging contract.*

(6) *An investment agreement, forward purchase agreement, or similar structured investment contract.*

(b) *“Buydown” means a payment to cover up to one hundred percent (100%) of the difference in the purchase price between a clean alternative fuel vehicle and a comparable dedicated gasoline or diesel vehicle.*

(c) *“Clean alternative fuels” means fuels for use in transportation including, but not limited to, hydrogen, methanol, natural gas, ethanol blends consisting of at least eighty-five percent (85%) ethanol, and biodiesel blends consisting of at least twenty percent (20%) biodiesel that, when used in vehicles, have been demonstrated, to the satisfaction of the authority, to have the ability to meet applicable vehicular emission standards and that, relative to petroleum use, produce no net material increase in air pollution, water pollution, or any other substances that are known to damage human health, and reduce global warming pollution considering the full fuel-cycle assessment. Any fuel not specifically mentioned above must significantly decrease global warming pollution emissions compared to petroleum, considering the full fuel-cycle assessment, in order to be considered a clean alternative fuel.*

(d) *“Clean alternative fuel infrastructure” means facilities and equipment dedicated to clean alternative fuel production, storage, and distribution.*

(e) *“Clean alternative fuel vehicles” means light-, medium-, and heavy-duty conversions, conversion systems, and vehicles powered by clean alternative fuels, flexible-fuel vehicles, plug-in hybrids powered primarily by electricity, and battery-powered electric vehicles, all of which have been demonstrated, to the satisfaction of the authority, to have the ability to meet applicable vehicular emission standards and that, relative to petroleum use, produce no net material increase in air pollution (including global warming pollution), water pollution, or any other substances that are known to damage human health and which meet all applicable safety certifications and standards necessary to operate in California.*

(f) *“Energy efficiency technologies” means methods of obtaining more or better services from less energy, compared with typical current practices in California.*

(g) *“Full fuel-cycle assessment” means evaluating and comparing the full environmental and health impacts of each step in the life cycle of a fuel, including, but not limited to, all of the following:*

(1) *Feedstock extraction, transport, and storage.*

(2) *Fuel production, distribution, transport, and storage.*

(3) *Vehicle operation, including refueling, combustion or conversion, and evaporation.*

(4) Electricity generation, distribution, and storage, when used in vehicles for transportation.

(h) "Petroleum reduction" means methods of reducing total projected petroleum use in California either through increased energy efficiency, clean alternative fuels, or a combination of both.

(i) "Renewable energy technologies" means energy production techniques, products or systems, distribution techniques, products or systems, and transportation machinery, products or systems, all of which utilize solely energy resources that are naturally regenerated over a short time scale and delivered directly from the sun (such as thermal, photochemical, and photoelectric), indirectly from the sun (such as wind, hydropower facilities of 30MW or less that are consistent with Section 25743(b)(3)(D) of the Public Resources Code, and photosynthetic energy stored in biomass consistent with Section 25743(d) and (f) of the Public Resources Code), or from other natural movements or mechanisms of the environment, such as geothermal and tidal energy. Renewable energy technologies do not include technologies that use energy resources derived from fossil fuels, waste products from fossil sources, or waste products from inorganic sources.

ARTICLE 3. ALLOCATION OF FUNDS

Sec. 26049. (a) From the revenues generated by the California Energy Independence Fund Assessment, there shall first be deposited in each calendar month into the Debt Service Account of the California Energy Independence Assessment Fund, which account is hereby created, moneys in such an amount as the authority determines and notifies the Board of Equalization in writing is necessary and appropriate to pay the debt service on any outstanding bonds, bond anticipation notes, or other obligations and indebtedness of the authority, together with any ancillary obligations, any coverage factors required by the bond documents, any costs associated with the issuance or carrying of any bonds, bond anticipation notes, or other obligations and indebtedness of the authority, and any other costs determined by the authority to be necessary to carry out the financing authorized by this chapter. Notwithstanding any other provision of law, moneys in the Debt Service Account are continuously appropriated, without regard to fiscal year, to the authority for the repayment of bonds, other obligations or indebtedness or ancillary obligations or other costs of the authority relating to outstanding bonds and may be held by a trustee as authorized by Section 26023.

(b) After funds have been deposited in the Debt Service Account pursuant to subdivision (a) in any month, all funds deposited in the California Energy Independence Fund for that month, except as otherwise provided by this Act, shall be allocated as follows:

(1) Fifty-seven percent and one-half (57.5%) to the Gasoline and Diesel Use Reduction Account, which is hereby created.

(2) *Twenty-six and three-quarters percent (26.75%) to the Research and Innovation Acceleration Account, which is hereby created.*

(3) *Nine and three-quarters percent (9.75%) to the Commercialization Acceleration Account, which is hereby created.*

(4) *Two and one-half percent (2.5%) to the Vocational Training Account, which is hereby created.*

(5) *Three and one-half percent (3.5%) to the Public Education and Administration Account, which is hereby created.*

(c) *Any funds allocated to the accounts established by paragraphs (1) through (5) of subdivision (b) that are not encumbered or expended in any fiscal year shall remain in the same account for the next fiscal year, except as provided in subdivision (d) of Section 26058. Once all expenditures authorized by this Act have been made from the accounts established by paragraphs (1) through (5) of subdivision (b), all proceeds from the California Energy Independence Fund Assessment shall be deposited in the Debt Service Account established by subdivision (a) until all obligations secured or payable from such account have been paid or payment has been provided for.*

(d) *Funds deposited in the accounts of the California Energy Independence Fund created in subdivision (b) shall be used to supplement, and not to supplant, existing state funding for research, vocational training, and technological development and deployment involving petroleum reduction, energy efficiency, and renewable energy. To maximize the use of available funds, the authority shall coordinate its expenditure of funds in the California Energy Independence Fund with other state agencies to avoid duplication and to ensure that the funds are expended efficiently and efficaciously.*

Sec. 26050. Based on the standards set forth in Section 26056, the authority may use the funds in the Gasoline and Diesel Use Reduction Account for the following categories of expenditures, based on the relative merit in petroleum reduction of transportation-related applications to the authority for funding from this account:

(a) *Market-based incentives including, but not limited to, loans, loan guarantees, credits, and buydowns to fleets and individuals for the purchase of clean alternative fuel vehicles sold in California. For buydowns to state and local government agency fleets, the authority shall give preference to school bus, emergency services vehicle, waste disposal truck, and mass transit bus fleets. Other than these preference categories, buydowns will be market-based and subject to the authority determining that the buydown will significantly assist the technology to achieve unsubsidized market competitiveness. Demonstration projects are discouraged.*

(b) Production incentives including, but not limited to, loans, loan guarantees, and credits for clean alternative fuel production in California, excluding the production of electricity, except clean fuel cell based electricity production.

(c) Incentives including, but not limited to, loans, loan guarantees, credits, and grants for the construction of publicly accessible clean alternative fuel refueling stations, including refueling stations that sell ethanol blends consisting of at least eighty-five percent (85%) ethanol ("E-85") sufficient in number to match the existing supply of E-85 vehicles in California based on the ratio of diesel vehicles to diesel fuel stations, and electric vehicle chargers using similar criteria. The authority should consider issuing suitable requests for proposals for refueling stations as soon as practicable.

(d) Incentives including, but not limited to, loans, loan guarantees, and grants for the installation of publicly accessible clean alternative fuel infrastructure.

(e) Grants and loans to private enterprises for research involving clean alternative fuels and clean alternative fuel vehicles in California.

(f) Other expenditures which the authority determines, by a vote of seven or more members of the authority, represent urgent or extraordinary opportunities involving vehicle or fuel technologies that will advance the goal of reducing the use of petroleum transportation fuels in California from 2005 levels by ten billion (10,000,000,000) gallons over ten years.

Sec. 26051. Based on the standards set forth in Section 26057, the authority shall use the funds in the Research and Innovation Acceleration Account to make grants to California universities for facilities, post-baccalaureate student research training grants, and research, performed and located wholly on the contiguous campus of the university, to improve the economic viability and accelerate the commercialization of renewable energy technologies, such as solar, geothermal, wind, and wave technologies, and energy efficiency technologies in buildings, equipment, electricity generation, and vehicles.

Sec. 26052. Based on the standards set forth in Section 26058, the authority shall use the funds in the Commercialization Acceleration Account to provide incentives including, but not limited to, loans, loan guarantees, and grants to fund the one-time or start-up costs of introducing petroleum reduction and renewable energy technologies, energy efficiency technologies, clean alternative fuels, and clean alternative fuel vehicles including, but not limited to, the certification of products, vehicles, and distribution systems, and for other costs that will accelerate the production and distribution of commercially viable products and technologies to the market and that, preferably, will promote California-based job creation, employment, and economic development.

Sec. 26053. Based on the standards in Section 26059, the authority shall use the funds in the Vocational Training Account to:

(a) Make grants through the Office of the Chancellor of Community Colleges to California community colleges for staff development and facilities to train students to work with renewable energy technologies, energy efficiency technologies, and clean alternative fuels, in buildings, equipment, electricity generation, and vehicles.

(b) Make grants through the Office of the Chancellor of Community Colleges to California community colleges for tuition assistance for low-income students and former fossil fuel energy workers and certified vehicle mechanics to obtain training to work with renewable energy technologies, such as solar, geothermal, wind, and wave technologies, clean alternative fuels, and energy efficiency technologies, in buildings, equipment, electricity generation, and vehicles.

Sec. 26054. Based on the standards in Section 26060, the authority shall use the funds in the Public Education and Administration Account to:

(a) Educate the California public regarding the importance of energy efficiency technologies, renewable energy technologies, and full fuel-cycle petroleum reduction.

(b) Administer the authority.

(c) Monitor the implementation of the California Energy Independence Fund Assessment and refer any evidence that oil producers are attempting to gouge consumers by passing the assessment on to consumers in the form of higher prices for oil, gasoline, or diesel fuel to the Board of Equalization for investigation.

ARTICLE 4. STANDARDS

Sec. 26055. The authority shall establish the following standards:

(a) Intellectual Property Rights. The authority shall establish standards requiring that all research grants made pursuant to this Act shall be subject to intellectual property agreements that balance the opportunity of the State of California to benefit from the patents, royalties, and licenses that result from the research with the need to assure that such research is not unreasonably hindered by those intellectual property agreements.

(b) Oversight of Awards. The authority shall establish standards for the oversight of all incentives including, but not limited to, grants, loans, loan guarantees, credits, and buydowns made under this Act to ensure compliance with all applicable terms and requirements. The standards shall include periodic reporting, including financial and performance audits, by all recipients of incentives, excluding individuals who receive buydowns, and shall permit the authority to discontinue funding or to take other action to ensure the purposes of this Act are being met.

Sec. 26056. Standards for Gasoline and Diesel Use Reduction Account Expenditures.

(a) The authority shall make expenditures pursuant to Section 26050 consistent with the goal of reducing the rate of petroleum consumption in California by twenty-five percent (25%) within ten years of the date of the authority's adoption of an initial strategic plan pursuant to this Section, as compared with California's current sixteen billion (16,000,000,000) gallon annual rate of consumption, or roughly four billion (4,000,000,000) gallons of petroleum transportation fuels per year by 2017, and causing permanent and long-term reductions in petroleum consumption in California. The total reduction goal shall be ten billion (10,000,000,000) gallons of petroleum transportation fuels over ten years. Prior to making any expenditure pursuant to Section 26050, the authority shall adopt a strategic plan pursuant to subdivision (a) of Section 26045, as follows:

(1) Within nine months of the effective date of this Act, the authority, in consultation with the California Air Resources Board, the California Energy Commission, and the Public Utilities Commission, shall adopt an Integrated Resource Plan for petroleum reduction in California. The Integrated Resource Plan shall be based on the best estimates of the potential for unsubsidized market acceptance of technologies, products, or services within ten years of the date of the adoption of the initial Integrated Resource Plan.

(2) The Integrated Resource Plan shall outline a strategy for the allocation of funds to programs with the highest return opportunities, using the financing powers provided to the authority by this division. The Integrated Resource Plan shall maximize the petroleum use reduction while considering the greenhouse gas reduction benefits of clean alternative fuels and clean alternative fuel vehicles. The Integrated Resource Plan shall also evaluate the expenditure of funds for clean alternative fuel vehicles and shall consider allocating funds necessary to balance the deployment of clean alternative fuel vehicles with accessibility to clean alternative fuels.

(3) The Integrated Resource Plan shall be developed with input from interested parties at scheduled public hearings of the authority under the leadership of the Chief Executive Officer of the authority. The authority shall update the plan every two years and shall amend the plan to ensure that it remains consistent with California Air Resources Board regulations and consistent with the priorities and goals of this Act.

(4) The Integrated Resource Plan shall contain an assessment of the potential of expenditures to meet or exceed the goal of reducing petroleum consumption by ten billion (10,000,000,000) gallons over ten years. Expenditures shall only be made for items consistent with meeting or exceeding this goal. Expenditures shall also be consistent with, and shall receive priority according to their potential to meet or exceed, the emissions targets and goals set forth in Executive Order S-3-05, as published, and the emissions targets and goals set forth in Title 13 of the California Code of Regulations, Sections 1900, 1961 and 1961.1, in effect as of December 1, 2005. If these emissions targets and goals are replaced by more stringent emissions targets and goals prior to dissolution of the authority, the more stringent emissions targets and goals shall be used

to establish priority for all subsequent expenditures under Section 26050. The full fuel-cycle assessment should be applied to all fuels, including electricity as a transportation fuel. Different methods of producing a specific fuel may have different greenhouse gas emission reductions, and the various methods should be duly considered in evaluating the full fuel-cycle for that fuel. In the case of two vehicles with equivalent full fuel-cycle greenhouse gas emissions, priority shall be given to that which involves the lowest cost to the account.

(5) All expenditures made by the authority under this section shall be consistent with the strategy outlined in the Integrated Resource Plan.

(b) All expenditures on clean alternative fuel infrastructure and electric vehicle chargers shall be restricted to those that support clean alternative fuel vehicles that are available for sale and are producible in substantial volumes.

(c) Expenditures for buydowns shall be limited to twenty-five percent (25%) of the total amount deposited in the Gasoline and Diesel Use Reduction Account, unless the authority determines, by a two-thirds vote, that additional expenditures are warranted in order to most cost-effectively achieve the goals of this Act.

(d) All expenditures made pursuant to Section 26050 shall be based upon a competitive selection process, established pursuant to subdivision (b) of Section 26045. Pursuant to the competitive selection process, the authority shall, at a minimum:

(1) Ensure that the expenditure does not supplant existing state funding for the reduction of petroleum consumption in California.

(2) Evaluate the quality of the proposal for funding, including the availability of private matching funds, and the potential for achieving significant results, including the level of petroleum reduction within the state that is expected to be achieved as a result of the expenditure. Proposals with significant business validation and leverage from private equity funding or subordinate debt funding from private sources will be prioritized and given preference to establish the market viability of the proposals.

(3) Evaluate the unit cost of petroleum reduction of the proposal and the potential of the proposal to achieve unsubsidized market competitiveness and pervasive acceptance, adjusted for the risk and time value of money.

(4) Evaluate the probability that the proposal will result in a sustained, unsubsidized market-competitive technology or technologies that can achieve substantial consumer or business acceptance beyond the subsidy or incentive period.

(5) Ensure that the expenditure is consistent with the two-year and ten-year strategic plan adopted by the authority.

Sec. 26057. Standards for Research and Innovation Acceleration Account Expenditures.

(a) The authority shall make expenditures pursuant to Section 26051 consistent with the goal of improving the economic viability, and accelerating the commercialization, of renewable energy technologies, such as solar, geothermal, wind, and wave technologies, and energy efficiency technologies in buildings, equipment, electricity generation, and vehicles. Prior to making any expenditures pursuant to Section 26051, the authority shall adopt a strategic plan pursuant to subdivision (a) of Section 26045.

(b) All expenditures made pursuant to Section 26051 shall be based upon a competitive selection process, established pursuant to subdivision (b) of Section 26045. Pursuant to the competitive selection process, the authority shall, at a minimum:

(1) Ensure that the expenditure is for research in renewable energy technologies or energy efficiency technologies.

(2) Ensure that the expenditure does not supplant existing state funding for research in renewable energy technologies or energy efficiency technologies and that the authority coordinates its expenditures with other state agencies, including the Public Interest Energy Research, Demonstration, and Development Program, established by Chapter 7.1 (commencing with Section 25620) of Division 15 of the Public Resources Code, to maximize the effectiveness of the expenditures and to avoid duplication of effort.

(3) Evaluate the quality of the research proposal, the potential for achieving significant results, including consideration of how the expenditure will aid or result in the commercialization, or significant and permanent deployment, of renewable energy technologies or energy efficiency technologies in California, and the time frame for achieving that goal.

(4) Give funding priority to research proposals that utilize more abundant renewable energy resources and that offer the greatest potential for technological breakthroughs. Priority shall additionally be given to research proposals that offer the greatest potential to meet or exceed the goals set forth in: (a) Executive Order S-3-05; (b) Title 13 of the California Code of Regulations, Sections 1900, 1961 and 1961.1, in effect as of December 1, 2005; or (c) Article 16 (commencing with Section 399.11) of Chapter 2.3, Part 1, Division 1 of the Public Utilities Code, in effect as of December 1, 2005. Research proposals that offer the greatest potential to meet or exceed the goals set forth in (a) through (c), inclusive, shall receive the highest priority for funding, followed by those research proposals that offer the greatest potential to meet or exceed the targets and goals set forth in two of (a) through (c), followed by those proposals that offer the greatest potential to meet or exceed the targets and goals set forth in one of (a) through (c).

(5) *Ensure that all funds to support buildings and permanent facilities pursuant to Section 26051 are committed during the first two years of the program, and that such expenditures, in the aggregate, do not exceed one hundred million dollars (\$100,000,000). The authority shall require all recipients of funding for facilities to pay all workers employed on the construction or modification of the facility the general prevailing rate of per diem wages for work of a similar character in the locality in which work on the facility is performed and not less than the general prevailing rate of per diem wages for holiday and overtime work fixed as provided in Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code.*

(6) *Ensure that the expenditure is consistent with the two-year and ten-year strategic plan adopted by the authority.*

Sec. 26058. Standards for Commercialization Acceleration Account Expenditures.

(a) *The authority shall make expenditures pursuant to Section 26052 consistent with the goal of accelerating the commercialization of economically viable, innovative renewable energy technologies, energy efficiency technologies, clean alternative fuels, and clean alternative fuel vehicles in California within 10 years of the effective date of this Act, by providing funding for the one-time or start-up costs of introducing renewable energy technologies, energy efficiency technologies, clean alternative fuels, and clean alternative fuel vehicles including, but not limited to, the certification of products, vehicles, and distribution systems, and for other costs that will accelerate the production and distribution of commercially viable products and technologies to the market. Prior to making any expenditures pursuant to Section 26052, the authority shall adopt a strategic plan pursuant to subdivision (a) of Section 26045.*

(b) *All expenditures made pursuant to Section 26052 shall be based upon a competitive selection process, established pursuant to subdivision (b) of Section 26045. Pursuant to the competitive selection process, the authority shall, at a minimum:*

(1) *Ensure that the expenditure will advance the goal of commercializing economically viable renewable energy technologies, energy efficiency technologies, clean alternative fuels, or clean alternative fuel vehicles in California.*

(2) *Evaluate the potential that the expenditure will achieve significant results, including how the expenditure will aid or result in bringing commercially viable renewable energy technologies, energy efficiency technologies, clean alternative fuels, or clean alternative fuel vehicles to the market in California, within a reasonable time frame from the date of the expenditure.*

(3) *Establish that it is reasonably likely that a significant share of the finished technology or product for which the funds are allocated will be available to, or will be deployed in, California or that a significant share of all components used in the finished technology or product will be manufactured in California.*

(4) Evaluate the cost, adjusted for time value, of energy developed or saved by the proposal relative to its ability to advance the objectives of the Commercialization Acceleration Account.

(5) Evaluate the probability that the proposal will result in a sustained, unsubsidized market-competitive technology or technologies that can achieve substantial consumer or business acceptance.

(6) Ensure that the expenditure is consistent with the two-year and ten-year strategic plan adopted by the authority.

(c) All expenditures from the Commercialization Acceleration Account require the recipient of the expenditure to provide matching funds equal to at least fifty percent (50%) of the expenditure, except that in the case of loans and loan guarantees, the recipient may provide equity or subordinated debt equal to at least twenty-five percent (25%) of the loan or loan guarantee. This constraint will not be applicable to the distribution for a clean alternative fuel equal to approximately the first fifteen percent (15%) of the distribution of the gasoline distribution system.

(d) Any funds that remain in the account after ten years shall be divided equally between the Gasoline and Diesel Use Reduction Account and the Research and Innovation Acceleration Account.

Sec. 26059. Standards for Vocational Training Account Expenditures.

(a) The authority shall make expenditures pursuant to Section 26053 consistent with the goal of training students to work with renewable energy technologies, such as solar, geothermal, wind, and wave technologies, or energy efficiency technologies, in buildings, equipment, electricity generation, clean alternative fuels, and clean alternative fuel vehicles. Prior to making any expenditures pursuant to Section 26053, the authority shall adopt a strategic plan pursuant to subdivision (a) of Section 26045.

(b) All expenditures made pursuant to Section 26053 shall be based upon a competitive selection process, established pursuant to subdivision (b) of Section 26045. Pursuant to the competitive selection process, the authority shall, at a minimum:

(1) Ensure that the expenditure is for training in renewable energy technologies, energy efficiency technologies, clean alternative fuels, or clean alternative fuel vehicles.

(2) Ensure that the expenditure does not supplant existing state funding for training in renewable energy technologies, energy efficiency technologies, clean alternative fuels, or clean alternative fuel vehicles.

(3) Evaluate the quality of the program, the potential for achieving significant results, including consideration of how the expenditure will aid or result in training

workers in renewable energy technologies, energy efficiency technologies, clean alternative fuels, or clean alternative fuel vehicles in California, and the time frame for achieving that goal.

(4) Ensure that the expenditure is consistent with the two-year and ten-year strategic plan adopted by the authority.

Sec. 26060. Standards for Public Education and Administration Account Expenditures.

(a) The authority shall make expenditures pursuant to Section 26054 consistent with the goal of educating the public regarding the importance of energy efficiency technologies, renewable energy technologies, and full life-cycle petroleum reduction, and reporting on the progress of the program, and of efficiently administering the authority.

(b) At least twenty-eight and one-half percent (28.5%) of the funds in the Public Education and Administration Account shall be expended for the purpose of public education regarding funded technologies.

ARTICLE 5. ACCOUNTABILITY

Sec. 26061. (a) In addition to the report required by Section 26017, the authority shall issue an annual report to the Governor, the Legislature, and the public which sets forth its activities, its accomplishments, and future program directions. Each annual report shall include, but not be limited to, the following: the number and dollar amounts of incentives including, but not limited to, grants, loans, loan guarantees, credits, and buydowns; the recipients of incentives for the prior year; the authority's administrative expenses; a summary of research findings, including promising new research areas and technological innovations; and an assessment of the relationship between the authority's award of incentives and the authority's strategic plan.

(b) The authority shall annually commission an independent financial audit of its activities from a certified public accountant which shall be provided to the State Controller, who shall review the audit and annually issue a public report of that review.

(c) There shall be a Citizens' Financial Accountability Oversight Committee chaired by the State Controller. This committee shall review the annual financial audit and the State Controller's report and evaluation of that audit. The State Controller, the State Treasurer, the President Pro Tem of the Senate, the Speaker of the Assembly, and the chairperson of the authority shall each appoint a public member of the committee. The committee shall provide recommendations regarding the authority's financial practices and performance. The State Controller shall provide staff support. The committee shall hold a public meeting, with appropriate notice, and a formal public comment period. The committee shall evaluate public comments and include appropriate summaries in its annual report.

SECTION 18. Part 21 is hereby added to Division 2 of the Revenue and Taxation Code, to read:

Part 21. California Energy Independence Fund Assessment Law

Sec. 42000. This Part shall be known and may be cited as the "California Energy Independence Fund Assessment Law."

Sec. 42001. For purposes of this Part, the following definitions shall apply:

(a) "Authority" means the California Energy Alternatives Program Authority, which is established in Division 16 (commencing with Section 26000) of the Public Resources Code.

(b) "Barrel of oil" means 42 United States gallons or 231 cubic inches per gallon computed at a temperature of 60 degrees Fahrenheit.

(c) "Board" means the State Board of Equalization.

(d) "Consumer" means an individual, firm, partnership, association, or corporation who buys for his or her own use, or for the use of another, but not for resale.

(e) "First purchaser" means a person who purchases oil from a producer.

(f) "Gross value" means the sale price at the mouth of the well for oil, including any bonus, premium, or other thing in value paid for the oil. If oil is exchanged for something other than cash, or if there is no sale at the time of severance, or if the relation between the buyer and the seller is such that the consideration paid, if any, is not indicative of the true value or market price, then the board shall determine the value of the oil subject to the fee, based on the cash price paid to producers for like oil in the vicinity of the well.

(g) "Oil" means petroleum, or other crude oil, condensate, casing head gasoline, or other mineral oil that is mined, produced, or withdrawn from below the surface of the soil or water in this state.

(h) "Producer" means any person who takes oil from the earth or water in this state in any manner, any person who owns, controls, manages, or leases any oil well in the earth or water of this state, any person who produces or extracts in any manner any oil by taking it from the earth or water in this state, any person who acquires the severed oil from a person or agency exempt from property taxation under the Constitution or laws of the United States or under the Constitution or laws of the State of California, and any person who owns an interest, including a royalty interest, in oil or its value, whether the oil is produced by the person owning the interest or by another on his behalf by lease, contract, or other arrangement.

(i) "Production" means the total gross amount of oil produced, including the gross amount thereof attributable to a royalty or other interest.

(j) "Severed" or "severing" means the extraction or withdrawing from below the surface of the earth or water of any oil, whether extraction or withdrawal shall be by natural flow, mechanical flow, forced flow, pumping, or any other means employed to get the oil from below the surface of the earth or water and shall include the withdrawing by any means whatsoever of oil upon which the assessment has not been paid, from any surface reservoir, natural or artificial, or from a water surface.

(k) "Stripper well" means a well that has been certified by the board as an oil well incapable of producing an average of more than ten barrels of oil per day during the entire taxable month. Once a well has been certified as a stripper well, such stripper well shall remain certified as a stripper well until the well produces an average of more than 10 barrels of oil per day during an entire taxable month.

Sec. 42002. Effective January 1, 2007, and except as provided for in Section 42007, there is hereby imposed a California Energy Independence Fund Assessment upon the privilege of severing oil from the earth or water in this state for sale, transport, consumption, storage, profit, or use. The assessment shall be borne ratably by all persons within the term "producer" as that term is defined in subdivision (h) of Section 42001. The fee shall be applied to all portions of the gross value of each barrel of oil severed as follows:

(a) One and one-half percent (1.5%) of the gross value of oil from \$10 to \$25 per barrel;

(b) Three percent (3.0%) of the gross value of oil from \$25.01 to \$40 per barrel;

(c) Four and one-half percent (4.5%) of the gross value of oil from \$40.01 to \$60 per barrel; and

(d) Six percent (6.0%) of the gross value of oil from \$60.01 per barrel and above.

Sec. 42003. Except as otherwise provided in this Part, the assessment shall be upon the entire production in this state, regardless of the place of sale or to whom sold or by whom used, or the fact that the delivery may be made to points outside the state.

Sec. 42004. (a) Producers or purchasers of oil, or both, are authorized and required to withhold from any payment due interested parties the proportionate amount of the assessment due.

(b) The assessment imposed by this Part is the primary liability of the producer and is a liability of the first purchaser and each subsequent purchaser. Failure of the producer to pay the assessment does not relieve the first purchaser or a subsequent purchaser from liability for the assessment. A purchaser of oil produced in this state

shall satisfy himself or herself that the assessment on that oil has been or will be paid by the person liable for the assessment.

(c) The assessment imposed by this Part shall not be passed on to consumers through higher prices for oil, gasoline, or diesel fuel. At the request of the authority, the board shall investigate whether a producer, first purchaser, or subsequent purchaser has attempted to gouge consumers by using the assessment as a pretext to materially raise the price of oil, gasoline, or diesel fuel.

Sec. 42005. The assessment imposed by this Part shall be in addition to any ad valorem taxes imposed by the state, or any of its political subdivisions, or any local business license taxes which may be incurred as a privilege of severing oil from the earth or doing business in that locality. No equipment, material, or property shall be exempt from payment of ad valorem tax by reason of the payment of the gross tax pursuant to this Part.

Sec. 42006. Two or more producers that are corporations and are commonly owned or controlled directly or indirectly, as defined in Section 25105, by the same interests, shall be considered as a single producer for purposes of application of the assessment prescribed by this Part.

Sec. 42007. The California Energy Independence Fund Assessment imposed pursuant to this Part does not apply to:

(a) Oil owned or produced by any political subdivision of the state, including that political subdivision's proprietary share of oil produced under any unit, cooperative, or other pooling agreement.

(b) Oil produced by a stripper well in any month in which the average value of oil is less than \$50 per barrel. If in any month the average value of oil is \$50.01 or more per barrel, a stripper well shall be subject to a fee in the amount of three percent (3%) of the gross value of oil above \$50.01.

Sec. 42008. The assessment imposed by this Part shall be due and payable to the board on a monthly basis. The board has broad discretion in administering this Part and may prescribe the manner in which all payments are made to the state under this Part, and the board may prescribe the forms and reporting requirements as necessary to implement the assessment, including, but not limited to, information regarding the location of the well by county, the gross amount of oil produced, the price paid therefor, the prevailing market price of oil, and the amount of assessment due. The board may employ auditors, investigators, engineers, and other persons to engage in all activities necessary for the implementation of this Part, including to verify reports and investigate the affairs of producers and purchasers to determine whether the assessment imposed by this Part is properly reported and paid. In all proceedings under this Part, the board may act on behalf of the people of the State of California.

Sec. 42009. The board shall enforce the provisions of this Part and may prescribe, adopt, and enforce rules and regulations, including, but not limited to, the payment of interest, the imposition of penalties, and any other action permitted by Sections 6451 to 7176, inclusive, or Sections 38401 to 38901, inclusive, whichever are most applicable as determined by the board, relating to the application, administration, and enforcement of this Part.

Sec. 42010. (a) All assessments, interest, penalties, and other amounts collected pursuant to this Part shall be deposited in the California Energy Independence Fund, which is established by Article XXXVI of the California Constitution. Before allocating funds pursuant to subdivisions (a) or (b) of Section 26049 of the Public Resources Code, the authority shall reimburse the board for expenses incurred in the administration and collection of the assessment imposed by this Part. The board shall transfer moneys received from the aforementioned sources to the California Energy Independence Fund at least once per calendar month.

(b) This Part shall become inoperative after the authority has expended four billion dollars (\$4,000,000,000) pursuant to subdivision (d) of Section 26045 of the Public Resources Code and after all indebtedness associated with the Clean Alternative Energy Act, including principal, interest, ancillary obligations, and other costs of any bonds issued pursuant to Division 16 (commencing with Section 26000) of the Public Resources Code, secured by a pledge of the assessment created by this Part, has been paid or payment has been provided for, unless a later enacted statute, that becomes operative on or before the date this Part becomes inoperative, deletes or extends the date on which it becomes inoperative. Notwithstanding the foregoing, so long as any bonds or other obligations secured by the assessment created by this Part remain outstanding, neither the Legislature nor the people may reduce or eliminate the assessment, and this pledge may be included in the proceedings of any such bonds as a covenant with the holders of such bonds.

SECTION 19. LEGAL CHALLENGE.

Any challenge to the validity of this Act must be filed within six months of the effective date of this Act.

SECTION 20. AMENDMENT.

The statutory provisions of this Act may be amended to carry out its purpose and intent by statutes approved by a two-thirds vote of each house of the Legislature and signed by the Governor.

SECTION 21. SEVERABILITY.

If any provision of this Act or the application thereof to any person or circumstances is held invalid, including subdivision (c) of Section 42004 of the Revenue and Taxation Code and subdivision (c) of Section 26054 of the Public Resources Code,

that invalidity shall not affect other provisions or applications of this Act which can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

SECTION 22. CONFLICTING INITIATIVES.

In the event that this measure and another initiative measure or measures that impose an assessment, royalty, tax, or fee on the extraction of oil or that involve petroleum reduction shall appear on the same statewide election ballot, the provisions of the other measure or measures shall be deemed to be in conflict with this measure. In the event that this measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other measure shall be null and void.